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NEWS SUMMARY

GENERAL

Moro 'about to be killed'

Red Brigades terrorists said last night that they were "carrying out the sentence" on Sig. Aldo Moro, the former Italian Prime Minister kidnapped on March 16 and "condemned to death" by the self-styled People's Court.

There were no firm indications in the latest communique—found in Rome, Milan and Genoa after anonymous calls to newspaper offices—that Sig. Moro was already dead.

The communique, regarded as authentic, came shortly after a security meeting presided over by Prime Minister Andreotti had reaffirmed the Government's refusal to deal with the terrorists, who want 13 prisoners released. Page 2

Attack on FT Dublin office

The Dublin office of the Financial Times was attacked yesterday, apparently by supporters of the Provisional IRA protesting over the lack of political status for IRA prisoners in the so-called H-blocks at the Maze Prison, Northern Ireland.

A cleaning-woman answered a knock on the door and was rushed by four men, who, police say, spoke with Dublin accents. In the struggle the woman was hit in the face, and, after the attack, was taken to hospital suffering from shock.

No Financial Times staff were in the office at the time but the raiders broke open files, poured oil on some of them, and scattered feathers.

They also used aerosol tin sprays to paint slogans on walls, stairway, and hallway. Among the slogans were "POW for Provisional prisoners" and "Victory for H-block."

H-blocks, so-called because of their shape, consist of ordinary prison-cell accommodation to which newly-convicted terrorists are sent, under normal prison rules, as distinct from the previous use of compounds and special political status. A number of provisional prisoners in the blocks are protesting against this loss of political status by refusing to wear prison clothes, work, or wash.

Mason visits Dublin, Back Page

Sir Neil explains

Sir Neil Cameron, Chief of the Defence Staff, told Mr. Fred Mulley, Defence Secretary, that he had no intention of breaking Whitehall convention with his "Moscow is an enemy" remark in Peking. Sir Neil's meeting with Mr. Mulley was said to be "amicable" and there was no question of "knuckles being rapped."

MP to retire

Mr. Cledwyn Hughes, MP for Anglesey and chairman of the Parliamentary Labour Party, said that he would not fight the seat at the next General Election. Mr. Hughes, 61, has represented Anglesey for 27 years and held Cabinet office between 1966 and 1970.

Heath plan

Mr. Edward Heath, former Conservative Prime Minister, has put forward a comprehensive plan whereby the EEC would give a lead in international affairs after what he called "the withdrawal of the U.S. from major world problems." Page 3

Briefly . . .

Two men will appear at Birkenhead court to-day charged with the murder of two elderly spinster sisters, found dead at their home in Wallasey, Cheshire.

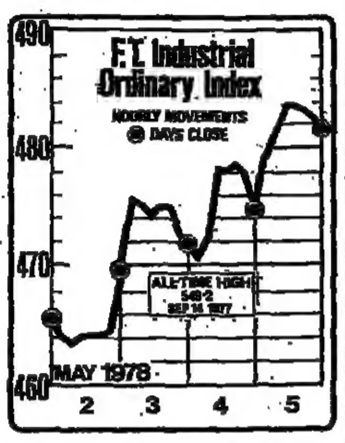
A total of £73,156 was realised in Stanley Gibbons' two-day auction of British Empire stamps.

Austria and Hungary are to abolish visas for citizens travelling between the two countries from January 1.

BUSINESS

Equities up 6.9; Gilts advance

● EQUITIES advanced for the fourth day running as institutional buyers found the market still short of stock. At noon the FT Ordinary index was at its



best at 483.7, but closed with a gain of 6.9 at 481.5 on profit-taking. The gain over the last four days was 15.8.

● GILTS advanced on a broad front and the Government Securities index closed 0.33 up at 71.73.

● STERLING closed 10 points down at $1.8275 in quiet trading and its trade-weighted index remained unchanged at 61.5. The dollar improved a little and its depreciation narrowed to 5.29 per cent. (5.36).

● GOLD lost $1 to $173¾ in London and the New York Comex May settlement price was 10 points down at $173.30.

● WALL STREET closed 4.68 up at 829.09.

● LONDON traded options market had its busiest day so far, with 983 contracts recorded. Page 28

● INDIA sold nearly half a tonne of gold—much less than expected—at its first auction, at prices well above world market price.

● PORTUGAL has devalued the escudo by 6.1 per cent., as part of an agreement with the IMF to help to cure the country's balance of payments deficit. Back Page

Support for Speke workers

● BRITISH LEYLAND shop stewards combine has voted to give full support to the 3,000 workers at Speke if they continue to fight the plant's proposed closure. Back Page

● SHELL oil terminal white-collar workers, who have been on strike for two weeks over pay, agreed a formula for a return to work. Page 4

● AUEW has decided to press for a minimum wage rate for skilled men of £80 a week. A Left-wing move to make the pay target £100 was defeated. Back Page

● U.S. UNEMPLOYMENT figures dropped to 5.98m. last month, the lowest since October 1974, and ahead of official targets. Page 2

● CONSOLIDATED GOLD FIELDS has agreed to maintain pumping water from the Mount Wellington tin mine, giving the Government more time for discussions on keeping the Wheal Jane mine open. Page 4

COMPANIES

● HUNTING GIBSON revaluation of ships not on long-term charter has disclosed a £4.23m. loss, which together with effects of the worldwide depression in shipping has resulted in a loss of £4.72m. for 1977, compared with a profit of £7.6m. Page 18 and Lex

● SOUTHERN CONSTRUCTION recorded a loss of £1.5m. during 1977 compared with a pre-tax profit of £159,713. Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 5¼pc 1981	£96⅛	+ ⅝
Treas. 12¾pc 1995	£100⅞	+ ⅝
AB Electronic	102	+ 11
Assd. P. Cement	252	+ 7
BAT Inds.	335	+ 7
Beecham	664	+ 9
Burton A	118	+ 5
City Hotels	120	+ 7
Ever Ready	154	+ 8
Glaxo	565	+ 7
GKN	284	+ 6
Henlys	126	+ 6
Home Charm	148	+ 11
Metal Box	320	+ 8
Mothercare	164	+ 12
Osborn (S.)	97	+ 5
Phoenix Ins.	266	+ 12
Pilkington	477	+ 12
Rockware	120	+ 6½
Royal Insurance	387	+ 12
Serck	90½	+ 4½
Sharna Ware	90	+ 7
Tecalemit	128	+ 7
Walker (J.)	86	+ 6
BP	824	+ 20
Shell Transport	574	+ 14
Tricentrol	178	+ 8
Gld. Mines Kalgoorlie	54	+ 4
Copeng Cons.	250	+ 15
Malay Dredging	340	+ 15
Rand London	57	+ 6
Selection Trust	400	+ 12

FALLS

Harrison (T. C.)	120	− 6
Hunting Gibson	140	− 53
Port Lon. Auth. '87-90	£30	− 23
Redfearn Nat. Glass	275	− 13
LASMO	168	− 16
Anglo United	121	− 7
Randfontein	£33¼	− ⅜
Vaal Reefs	£11¼	− ⅜

Laker faces fight over Los Angeles Skytrain licence

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A fierce battle over air services between London and Los Angeles is likely this summer, after a Civil Aviation Authority decision yesterday to grant Laker Airways the right to operate a cut-price Skytrain service between the two cities.

At the same time, the licence held by British Caledonian Airways for the route is to be revoked.

The authority's decision authorises Laker to offer an £84 single fare to Los Angeles in the low season, and £96 single in the peak, compared with the present Budget and Stand-By rates on scheduled services of £89 single in the low season and £99 in the peak.

Flights from Los Angeles to London will cost $220 in the low season and $248 in the peak.

The existing economy-class single fare is £269.50 (£539 return) in the low season and £307 single (£614 return) in the peak, while the Advanced Purchase Return (Apex) rates range between £235.50 and £312.50 according to season.

Laker's fare will be the cheapest in the market. British Airways this summer will offer a new "Pound Stretcher" fare of between £220 and £249 return, according to season.

Laker still has to be formally designated on the route by the U.K. Trade Department and the U.S. Government.

The airline hopes to start flights on September 26—the first anniversary of the Skytrain flights to New York—and intends to spend $85m. (over £40m.) on two long-range McDonnell Douglas DC-10-30 airliners.

Eventually, it may also buy two Boeing 747s with Rolls-Royce engines, costing more than $140m. (over £70m.).

It became clear yesterday that Laker Airways is in for a fight this summer.

British Caledonian reacted bitterly to the proposed loss of its Los Angeles licence, although it has not flown that route since its economic problems in 1974 obliged it to withdraw.

Mr. Adam Thomson, British Caledonian chairman, described the authority's decision as "a serious and inexplicable error of judgment," claiming that the case put up by Laker was unsupportable, and had "completely evaporated" during the earlier public hearing into the route applications this spring.

Mr. Thomson told Laker: "Don't count your chickens before they are hatched," adding that British Caledonian intended to "appeal strongly" to Mr. Edmund Dell, Secretary for Trade, against "this erroneous" decision."

MR. FREDDIE LAKER
Looking to new horizons

British Caledonian would not comment further, but it is understood that if it gets no satisfaction from Mr. Dell, it may consider taking the matter further—which can only mean legal action.

Privately, British Caledonian recalls that Laker Airways finally won its Skytrain rights to New York only through legal action

Continued on Back Page

BAT Industries to spend £153m. on U.S. company

BY DAVID LASCELLES IN NEW YORK AND ANDREW TAYLOR IN LONDON

BAT INDUSTRIES is to spend £153m. to break into the U.S. paper making market. It has agreed terms to buy Appleton Papers, the specialist business paper manufacturing arm of the NCR group.

The most important aspect of Appleton's business is making carbonless copying paper, at which it claims to be world leader.

Last yea rthe American company's sales rose to a record $234m. (£128) and pre-tax profits to $37m. (£20m.).

BATS is to finance the purchase from its cash resources. It will be the group's second major acquisition in the U.S. within a year. Last year it paid $141m. (£77m.) for the overseas rights to the Lorillard cigarette range, which includes the Kent brand.

BATS' own specialist paper-making activities, under the banner of Wiggins Teape, have been precluded from entering the U.S. market because of licence agreements with Appleton.

Mr. Edward Symons, a deputy chairman of BATS, said in London last night that Appleton held about 10 per cent. of the U.S business forms market. He prospects for the U.S. carbonless was particularly excited at the copying paper market.

About 75 per cent. of Appleton's output is in carbonless paper, which NCR developed as ancillary to its production of computer and other business equipment. About 20 per cent. of Wiggins Teape world output is in carbonless paper.

Some observers in the U.S. believe that BATS has chosen a difficult time for its entry into the U.S. market. Prices are expected to decline in the face of stiffer competition and recent technical developments. One New York analyst described the business paper market as "in considerable turmoil."

The deal has still to be approved finally by both parent Boards. BATS is paying a considerable premium above Appleton's net asset value, which in the last balance sheet was shown as around $115m. (£63m.).

Mr. Symons said that BATS was also buying important technical know-how and a world-wide reputation.

Wiggins Teape still uses some of the techniques developed by Appleton under the licence agreements which have precluded Wiggins Teape from manufacturing in the U.S., and which still have about three years to run.

NCR said yesterday that it wanted to sell off Appleton, which also makes coated paper for graphic uses, in order to concentrate its resources on developing its data processing equipment and other business machine interests.

It is planned that the deal should take effect from June 30.

Lex, Back page

Eight more held in bank case

BY MARGARET REID

EIGHT more businessmen were arrested yesterday and charged with theft and fraud involving a total of £10m. in connection with the collapse in 1973 of London and County Securities, which precipitated the secondary banking crisis.

Yesterday's arrests came after the arrests last week of Mr. Gerald Caplan, London and County's former chairman, in the United States, and of Mr. Trevor Pepperell, his one-time business associate, in Germany. Both face extradition proceedings after the issue of warrants alleging that they stole £2.4m. from the group.

Those arrested yesterday are Mr. John Arthur Hillman a solicitor, Mr. Emmanuel Wolfe Davidson, a company director, Mr. Robert Stephen Rubin, a company director, Mr. Woolf Perry, now a chiropodist, Mr. Brian McMenemy, a manager, Mr. Brian Kendal, a financial consultant, Mr. Peter Green, a shipping manager and Mr. Charles Norman Noye, an accountant.

They were arrested early in the morning at their homes in various parts of North London, Essex, Hertfordshire and Kent, by police officers headed by Detective Inspectors Robin Constable and John Kemp, and taken to Holborn police station.

They face altogether a total of 66 charges — including theft, criminal deception, forgery and false accounting—relating to the period between June, 1972, and November, 1973. All eight will appear at Bow Street court to-day.

Mr. Hillman, Mr. Rubin and Mr. Davidson are charged in each case with Mr. Caplan, Mr. Perry and Mr. McMenemy, with being parties to the issue of worthless cheques to a face value of £4m.

Other charges against various of the accused concern alleged fraud, falsification of accounts and forgery. The arrests follow three years of inquiries. The case is one of the largest of alleged fraud ever handled by the Metropolitan Police.

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Raid may hit Namibia settlement

BY OUR FOREIGN STAFF

SOUTH AFRICA'S military incursion into Angola was widely condemned last night amid signs that efforts to reach a settlement in Namibia, now widely regarded as a crucial precondition for breaking the deadlock over Rhodesia, may have received a setback.

The U.S. has expressed its "grave concern" to South Africa and asked for an urgent explanation. Dr. David Owen, the Foreign Secretary, said that the U.K. was "dismayed" at the raid and called for speedy appointment of a special representative by the UN Security Council to start the independence process.

Dr. Owen said that it would be a tragedy if South Africa, having accepted proposals for UN-supervised elections in Namibia, now threw them into jeopardy by military incursions.

In Washington the State Department said that South Africa had not yet replied with an explanation or with precise details of the airborne raid, in which its troops penetrated 155 miles north of the Namibian border with Angola and temporarily occupied the town of Cassinga.

The State Department made it plain that U.S. reaction to the incursion would depend on the details of it, when they were known.

Pretoria view

Quentin Peel reports from Johannesburg: The operation, which it is feared could jeopardise the whole Western initiative for a peaceful settlement between SWAPO and South Africa in Namibia, was defended by military and political officials as a spontaneous response to increased guerrilla activities.

Mr. Pik Botha, South African Foreign Minister, said that South Africa remained "willing and able" to implement the Western proposals, yet to be approved by SWAPO. He added, however: "We also keep insisting that the terrorists should end their acts of violence."

Lieut.-Gen. Jack Dutton, Chief of Staff Operations, said that the base code-named "Moscow" was practically totally destroyed in the raid, and a considerable amount of ammunition and documents were captured. Equipment, buildings, ammunition and defence installations were destroyed.

Gen. Dutton hinted that some Angolan or Cuban troops might have been killed in the raid, though it was aimed specifically at SWAPO guerrillas.

Both he and Mr. Botha were at pains to stress that the raid was in response to an upsurge in SWAPO guerrilla activity in Namibia coinciding with the special UN debate on Namibia in the General Assembly, and South Africa's public acceptance of the Western proposals for a peaceful settlement.

South African sources in Pretoria claimed that the entire town of Cassinga had been handed over to Swapo guerrillas as principal headquarters, and that the local iron ore mine had been closed.

New exodus

The town is some 250 km. from the Namibian border, near the town of Sa Da Bandeira.

The number of SWAPO guerrillas operating from southern Angola is put at between 3,000 and 5,000, although there has been a renewed exodus of refugees from Ovamboland in the past six months. About 20,000 Namibians are said to be refugees from the territory.

The latest incident specifically given as a reason for the raid was an attack by guerrillas on the hydro-electric scheme at Ruacana, on the Namibia-Angola border. Another was the alleged abduction of a bus with 70 passengers.

Our United Nations Corerspondent writes: Angola called last night for an urgent meeting of the Security Council to consider "necessary measures to repulse" South African attacks. In a letter to Dr. Kurt Waldheim, the Secretary-General, Mr. Jose Eduardo dos Santos, Deputy Prime Minister of Angola, said the South Africans committed aggression in a desperate act of violence, demonstrating again their total disrespect for UN resolutions.

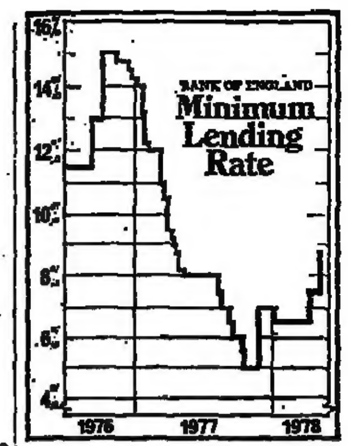
The UN Council for Namibia, set up after South Africa's mandate to rule Namibia was cancelled in 1966, recommended that the Security Council apply economic sanctions against Pretoria.

Dr. Waldheim said in a statement strongly deploring the raid that "it could have an adverse effect on the current negotiations."

Mr. Sam Nujoma, SWAPO president, said yesterday that the talks, which he requested last week after South Africa accepted the Western plan for a Namibia settlement and he sought further clarification, could go ahead in spite of the South African military action, which he called "barbaric."

£ in New York

—	May 5	Previous
Spot	$1.8215-8235	$1.8295-8305
1 month	0.38-0.32 dis	0.44-0.38 dis
3 months	1.28-1.20 dis	1.32-1.26 dis
12 months	4.90-4.70 dis	4.85-4.65 dis



Lending rate raised by 1¼%

BY MICHAEL BLANDEN

THE BANK of England's minimum lending rate jumped by 1¼ per cent. to 8¾ per cent. yesterday.

The move took the rate to its highest point for more than a year and is likely to bring a new round of increases in bank overdraft rates.

Building societies, however, are not expected to consider any increase in their deposit and mortgage rates at least until next month.

The jump in the rate was widely expected after the strong upward pressure on rates in the money market which had developed in the last fortnight, and the Bank's message on Thursday indicating that it would not oppose an increase.

The change left the markets in some uncertainty, however, with concern that a further change could be needed before a new level of rates is firmly established.

The money market and gilt-edged dealers had expected the rate to move up to a round figure of 9 per cent.

Mortgages

The banks will consider increases in their base lending rates next week.

But they face a problem in deciding whether to match the increase by lifting base rates from their present 7½ per cent. to 8¾ per cent., with the danger of having to make a further adjustment soon afterwards, or to anticipate a possible further rise by going to 9 per cent.

Building societies will hold the mortgage rate at the 8½ per cent. set in January until they see the effects of the inflow of savings.

The Building Societies Association said yesterday that its council would consider the competitive effect when it met on June 9.

The rise in the rate followed the 1 per cent. increase made as part of last month's Budget measures.

Editorial comment Page 16

OVERSEAS NEWS

OPEC likely to stress need for higher oil prices

BY RAY DAFTER, ENERGY CORRESPONDENT

THE ORGANISATION of Petroleum Exporting Countries, meeting in Saudi Arabia this week-end, is likely to re-emphasise the need for a new round of oil prices to offset losses from the decline in the value of the dollar.

But there seems little chance that the producers will move away from the dollar as the currency for crude oil prices.

Consequently the informal meeting of OPEC ministers, to be held in Saudi Arabia's summer capital of Taif, is expected to provide no more than a scene-setter for the next price-review conference in mid-June.

The weakening value of crude exports is bound to dominate the talks in Taif and in this respect the importance of the dollar in crude pricing will be questioned. OPEC has calculated that the dollar's weakness over recent months could cost producers between \$12bn and \$20bn. a year in lost purchasing power when the currency is spent in other countries.

Mr. Adnan al-Janabi, acting chief of the OPEC Economics Department reports in the latest issue of OPEC Review that the trade-weighted value in the oil exporters' earnings has fallen by 18 per cent since December 1976. This meant that the price of the market crude would have to rise from \$12.70 a barrel to \$15 a barrel to restore OPEC's purchasing power.

There have been calls, from within OPEC, for the abandoning of the dollar as the pricing mechanism. But this action now seems unlikely, partly because of the recent signs of firmness in the dollar, but more because of the many problems that would be involved. Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister, has already said a decision on the use of another currency or a basket of currencies for oil pricing would not be taken before the June meeting anyway.

It now seems much more likely that OPEC members will opt for a straight price increase to retrieve their position—if and when the market allows. As Sheikh Ali Khalifa Al-Sabah, Kuwait's Oil Minister, commented this week: "There isn't any way to recover some of the big losses except by fresh price hikes."

Sheikh Yemani has also said recently that if the Western economies recovered and the demand for oil increased, the price would certainly be raised.

But the prospect for even a modest price rise in June is highly debatable, to say the least. With markets for OPEC oil still sluggish due to stagnant economies and fresh supplies of crude from the North Sea, Alaska, and Mexico, producers have found it difficult to hold prices even at the levels fixed in July 1977. Leading African producers have been forced to trim premiums charged for their high quality oil.

And there are forecasts that the oil glut will continue for at least another two years.

This prospect is worrying both producers and—for a different reason—consumers. For while OPEC may be unable to implement a steady programme of price rises over the next few years it will almost certainly want to recover its position when the market swings back in its favour. The result could be a hefty bout of price rises in a few years time, perhaps of a size to shake world economies.

German industry revives

BY ADRIAN DICKS — BONN, May 5.

NEW ORDERS to West German industry showed signs of a slight recovery during March. This follows a sharp fall at the beginning of this year, which caused considerable nervousness in West German Government circles.

The March figures showed an overall 0.5 per cent. rise in new orders, but comparing February/March with December/January, there has still been a drop of 8 per cent.

Broken down, the March figures show a continued weakening of new domestic orders, these were down by 1.5 per cent. from February. New orders for capital goods, the component of the index often most closely watched, were down 14.5 per cent. from December/January to February/March.

The Economics Ministry blamed this somewhat disheartening performance on an unusually high level of orders in December and to the effects of stoppages in the metal-working and engineering industries throughout this spring.

More encouraging has been the improving trend in orders from abroad. This is in spite of constant concern over the impact of currency unrest on Germany's export markets. In March, there were 7.5 per cent. more foreign orders, though this was not as high as the average for the last quarter of 1977.

Drop in U.S. unemployment

BY JOHN WYLES — NEW YORK, May 5.

UNEMPLOYMENT in the U.S. dropped in April to its lowest level in three-and-a-half years according to figures published by the Department of Labour to-day. A slight drop in the numbers of unemployed from 6.1m. to 6m. coupled with a 535,000 increase in total employment underline the strong resurgence of the U.S. economy following the pause induced by the miners' strike and sharp winter weather.

Following a 6.2 per cent. unemployment rate in March and a 6.1 per cent. rate in February, the jobless rate fell back last month to 6 per cent. The Labour Department said that a first quarter rate of 6.2 per cent. compared with a 6.6 per cent. rate in the final quarter of 1977.

A year ago the first quarter rate was 7.4 per cent. and in the second quarter 7.1 per cent. With the April figure being the lowest since the 5.9 per cent. registered in October, 1974, the changes on the job front are obviously a source of some satisfaction to the Carter Administration.

Total employment rose 0.6 per cent. last month from March's 93.3m. to 93.8m., and virtually all categories showed a higher incidence of employment. Unemployment among adult men fell to 4.2 per cent. from 4.5 per cent. in February and March but the 5.8 per cent. rate among adult women remained the same. More women, however, were seeking work than in the previous month and according to the Labour Department they led to the increase in the labour force which rose 370,000 during the month to 99.8m. Teenage unemployment declined from 17.3 per cent. to 16.9 per cent., unemployment among whites fell from 5.3 per cent. to 5.2 per cent. and among blacks from 12.4 per cent. to 11.8 per cent., the same level as in February.

The proportion of the working age population with jobs rose to a record 58.4 per cent. last month, said the Department.

Fishermen in Denmark block ports

By Hilary Barnes — COPENHAGEN, May 5.

DANISH FISHERMEN to-day cut off all ferry traffic across the Great Belt between Zealand and the rest of Denmark, and between Copenhagen and Sweden across the Sound.

Using their fishing vessels to blockade ferry ports, they achieved an almost complete isolation of Zealand from seagoing traffic for about four hours.

The decision to blockade the ferry ports was taken after the fishermen had failed to gain any concessions from Mr. Svend Jacobsen, the Fisheries Minister, and Prime Minister Anker Joergensen, who refused to meet a fishermen's delegation.

The men are protesting against the reduction in catch quotas in the Danish sector of the Baltic and the failure of the EEC to conclude fisheries agreements with other Baltic coast nations.

Carrillo backs the monarchy

By Robert Graham — MADRID, May 5.

THE SPANISH COMMUNIST leader Sr. Santiago Carrillo to-day rejected Republicanism and gave forthright support for a parliamentary democracy with a monarchy, as Parliament began discussing the proposed text of the Spanish constitution.

Sr. Carrillo said at the time of King Juan Carlos's accession to the throne, that the Spanish Communist Party had strong reservations about the monarchy because it had inherited power from the Franco dictatorship. However, he said to-day that the King had proved he respected a parliamentary democracy. Sr. Carrillo went so far as to say the King "has played a decisive role in the difficult political equilibrium" that had been established. If Spain opted for Republicanism now it would be a catastrophe.

Belgium's unions win hours cut

By David Buchan — BRUSSELS, May 5.

BELGIAN TRADE unions won their biggest victory in their campaign for shorter working hours when the Government unexpectedly agreed to reduce the standard working week to 38 hours, and to lower the retirement age to 60, for 780,000 public sector workers.

The agreement, which must be ratified by the union rank and file next week, threatens to jeopardise Prime Minister Leo Tindemans' bid to curb public spending. It will add an extra 2 per cent. to the 1978 and 1979 public wage bill, with additional ramifications in the private sector.

The concessions made in the public sector are likely to be demanded in private industry.

New threat on Moro's life by Red Brigades

BY PAUL BETTS — ROME May 5.

RED BRIGADE'S terrorists broke their 11-day silence to-night, announcing in a communique that they were "carrying out the sentence" on Sig. Aldo Moro, the former Premeir, kidnapped on March 16 and "condemned to death" by the self-styqled People's Court.

There were, however, no firm indications in the communique—found in Rome, Milan, Turin and Genoa after anoymous calls to newspaper offices—whether Sig. Moro was already dea dor still alive.

The latest communique has thrown the counry's political forces in a state of frenzy, and Christian Democrat leaders were holding emergency talks to-night to consider the situation in the light of the latest threat of the terrorists.

The communique was generally regarded as authentic. It came shortly after a top-level security meeting presided over by Prime Minister Andreotti, which reaffirmed his Government's refusal to deal with the terrorists.

The meeting had examined "humanitarian proposals" put forward by the Socialist Party to try tosave Sig. Moro's life.

To-night, the Red Brigades renewed their ultimatum of April 24, in which they demanded the release of 13 named prisoners—including Sig. Renato Curcio, the ideological leader of the Red Bridages, now standing trial in Turin—in exchange for Sig. Moro's freedom.

Faced with the Government's persistent refusal to negotiate, the terrorists said in to-night's communique: "We have nothing more to say to the Christian Democrat party, to the Government, and to its allies. The only language the imperialist lackeys have shown they understand is the language of guns."

The message ended bluntly: "We are sealing off the battle which started on March 16 by executing the sentence for which Aldo Moro has been condemned."

After the failure of humanitarian appeals by Pope Paul and the United Nations Secretary-General, Dr. Kurt Waldheim, for the release of Sig. Moro, the Christian Democrat party said yesterday that if the terrorists freed the former Premier and there were clear signs of an end to terrorist activity, the Republic "would be able to show generosity and clemency." On no account, however, would the ruling party surrender to "terrorist blackmail."

Last night the terrorists responded by gunning down and wounding in the legs two industrialists in Genoa and Milan.

Some 51 days after the kidnapping of Sig. Moro in a bloody ambush in which five policemen were murdered, the terrorists appeared to be facing a deadlock following the firm stand taken by the political forces. To-day, the powerful Communist Party, now directly supporting for the first time in some 30 years the Christian Democrat minority Government again warned of the danger of giving in to the terrorists.

The party reiterated its intransigent line, urging even greater police action to combat terrorism.

No Soviet arms for Turkey, Cyprus told

By Our Own Correspondent — NICOSIA, May 5.

THE SOVIET Union assured Cyprus to-day that it does not plan to sell arms or provide other military assistance to Turkey. The assurance was given by Mr. Sergei Astavin, the Soviet Ambassador in Nicosia, who called on President Spyros Kyprianou to convey his Government's reply to Mr. Kyprianou's protests to Moscow last week.

The Cypriot leader made "strong protests" following statements in Ankara by Marshal Nikolai Ogarkov, the Soviet chief of the general staff, that the USSR wished to strengthen co-operation with Turkey in all fields, including military matters.

According to an official announcement here, the Soviet Ambassador explained to Mr. Kyprianou to-day that Marshal Ogarkov had in mind "ordinary contacts in the military field, such as the exchange of visits by warships and military athletic teams."

He also said Marshal Ogarkov's trip to Ankara was a "continuation of normal contacts carried out in accordance with the letter and spirit of the Helsinki final act on European security and co-operation."

Reports that the Soviet Union intended to sell arms to Turkey or provide assistance to that NATO country to set up a war industry were "entirely unfounded," the Ambassador added, according to the announcement.

French aircraft hit Polisario

By David White — PARIS, May 5.

FRENCH MILITARY involvement in Africa has taken another serious turn with the resumption of clashes between French aircraft and ground forces of the Western Sahara Polisario guerrilla movement.

French air force Jaguar fighter-bombers were engaged in attacks on a column of Polisario vehicles heading towards the Mauritanian mining centre of Zouerate, it was officially confirmed here to-day.

The attacks, taking place on Wednesday and Thursday, were supporting joint Mauritanian and Moroccan forces sent to turn the column back. Several dozen Polisario soldiers were reported to have been killed in the airborne rocket attacks.

One of the French fighters was hit by Polisario machine-gun fire but managed to return to the Nouadhibou airbase, 250 miles north of the Mauritanian capital, Nouakchott.

The confrontation was the first involving French forces, backing Mauritania and Morocco against the Algerian-supported Polisario, in five months.

Talks on UN's Lebanon role end

BEIRUT, May 5.

PALESTINIAN commando chief Yassir Arafat and the commander of UN troops in Lebanon ended more than two hours of talks to-day without agreement on how to prevent fresh clashes in the southern Lebanon, reliable sources said.

The talks between Mr. Arafat and Major General Emmanuel Erskine, the Ghanaian commander of the United Nations interim force in Lebanon (UNIFIL), were called after three UN soldiers died in fighting with left-wing guerrillas last Tuesday.

Reliable sources said the talks had failed to narrow the gap between the Palestinian and UN interpretations of the role of UNIFIL, which was set up after the Israeli invasion of south Lebanon.

The sources said Mr. Arafat had restated the view of the Palestine Liberation Organisation (PLO) that UNIFIL's task was to supervise the withdrawal of the Israeli occupation force from Lebanon.

This was specified in United Nations Security Council Resolution 425 on the establishment of the peace force, which is to number 6,000 men. The UN considers UNIFIL must also prevent the movement of armed men across the lines in southern Lebanon.

The PLO has said that it was not involved in last Tuesday's fighting, the worst since the establishment of UNIFIL. It raged on a five kilometre front and, according to Palestinian and Left-wing accounts, pitted French and Senegalese troops against Lebanese Left-wing gunmen.

The fighting erupted a day after two members of a previously unknown Left-wing group were killed in what the group denounced as an ambush laid by French paratroopers based in Tyre.

Reliable Palestinian sources said to-day the Retaliation—an ambush of a French UN convoy and an attack on the French barracks in Tyre—had had the tacit approval of the PLO leadership.

The sources said that at to-day's talks Mr. Arafat reiterated an earlier pledge of PLO backing for efforts to achieve the withdrawal of the Israelis.

UN sources described the discussion as frank and honest and said General Erskine would report back to Dr. Kurt Waldheim, the UN Secretary-General. Reuter

Unrest continues on West Bank

BY DAVID LENNON — TEL AVIV, May 5.

UNREST ON the occupied West Bank continued to-day in the wake of the dismissal of the Israeli military commander of the occupied territory. The military forces conducted searches and interrogations as student unrest was reported from a number of towns.

The commanding officer of the West Bank was dismissed for trying to cover up the excessive behaviour of troops suppressing a demonstration on the West Bank a month ago.

Protesting students were reported to have damaged three Israeli buses following what the Israeli authorities describe as incitement by extreme elements. The main Israeli bus company, Egged, has instituted special security checks to protect its vehicles against attack. Yesterday bombs went off in two buses, one in Jerusalem and a second in Acre which injured four people.

Mr. Bassam Shakaa, the Mayor of Nablus, sent a telegram to Mr. Ezer Weizman, the Israeli Defence Minister, yesterday, complaining about Israeli soldiers hitting and cursing residents of his town, and of carrying out body searches on women in he nearby Balata refugee camp.

The Defence Ministery spokesman was unable to confirm that the telegram had been received. But he said that Mr. Shakaa "has nothing to complain about. There have been a number of terrorist attacks in Nablus recently, one of which killed two German tourists. It is only natural that the army would take precautions," he said.

The military government spokesman was not available to confirm a complaint by Mr. Shakaa and other West Bank mayors that they had been forbidden to meet for political discussions.

Correspondents on the West Bank reported that the military governors called in the mayors this week to inform them of a ban on any meeting between them of a political nature.

Mr. Abd Al-Aziz Suelta, the Mayor of Jericho, is reported to have been forbidden to hold a planned luncheon meeting with other West Bank mayors and notables this week.

Mrs. Raymonda Tawil, 36, a journalist and supporter of the Palestine Liberation Organisation from Ramallah, will be released from administrative detention next week.

Mrs. Tawil was arrested by Israeli security forces on March 22 during the height of West Bank demonstrations against the Israeli invasion of south Lebanon. The Israeli authorities said she was being held on suspicion of inciting unrest and of contact with the PLO.

Sanjay Gandhi imprisoned for one month

BY K. K. SHARMA — NEW DELHI, May 5.

MR. SANJAY GANDHI, the controversial 32-year-old son of the former Prime Minister, Mrs. Indira Gandhi, was to-day sent to Delhi's Tihar jail after the supreme court cancelled his bail in a case of criminal conspiracy and theft in which he is the principal accused. The Supreme Court directed that the bail be cancelled for a month and that Mr. Gandhi should spend this period in prison.

The move ended a long legal battle to imprison Mr. Gandhi, who is thought by many to be the brains behind the abuse of power during Mrs. Gandhi's 19-month emergency rule.

The Supreme Court cancelled the bail givn toe Mr. Gandhi and directed that he be kept in custody for a month for intimidating key witnesses in the case. The charge against Mr. Gandhi is that he conspired to steal a film called "Kissa Kursi Ka" (the Tale of the Chair) during the emergency and destroyed it in the premises of his car factory. The film is a satire on politicians in India, and was principally aimed at Mrs. Gandhi.

The Supreme Court, which set aside rulings by lower courts that the prosecution case for cancellation of the bail was not valid, said that Mr. Gandhi forfeited his right to remain free as he had abused his liberty by "attempting to suborn witnesses." Immediately after the 20-page judgment was given, Mr. Gandhi claimed he would be "bodily harmed" in jail. The Chief Justice said this was unthinkable and the additional Solicitor-General rejected Mr. Gandhi's charge, pointing out that the rule of law prevailed again in the country.

Shortly after that, Mr. Gandhi surrendered himself before Mr. O. N. Vohra, the sessions judge trying the case, while pandemonium prevailed outside the crowded courtroom where supporters of the accused had gathered in thousands to shout pro-Sanjay slogans. Many were arrested for defying prohibitory orders.

The judge ordered that Mr. Gandhi be produced before him on May 8 and directed that he be given better treatment in jail, as requested. The hearing of the application, which was opposed by the prosecution, was held in the judge's chambers.

Australia and Iran disagree on N-safety

By Kenneth Randall — CANBERRA, May 5.

AUSTRALIAN uranium development plans have received a major setback with the breakdown to-day of negotiations with Iran for a bilateral nuclear safeguards agreement—an essential prerequisite to any exports of uranium in terms of the Australian policy announced last year.

An Iranian delegation, led by Dr. Akbar Etemad, Deputy Prime Minister and head of the Atomic Energy Organisation of Iran, insisted on having the conditions spelled out under which Australia would agree to the reprocessing of any nuclear material it supplied.

The talks were broken off when the Australian representatives, led by Mr. Doug Anthony, the Deputy Prime Minister and Minister for Trade and Resources, said that such a definition was not possible at present.

The Prime Minister, Mr. Malcolm Fraser, told Parliament later: "It was explained to them (the Iranians) that a decision on Australia's prior consent to reprocessing was not possible, pending the outcome of international discussions." These discussions, he said, included those "at the International Nuclear Fuel Cycle Evaluation, in which Mr. Justice Fox and the Australian delegation are playing, as I believe, such a constructive role."

Mr. Justice Fox, Australian Ambassador-at-Large on nuclear safeguards negotiations, headed the two-year environmental inquiry into development of an Australian uranium industry.

The Government suffered a second serious embarrassment over uranium policy to-day in a statement issued by the Northern Land Council, which represents the aboriginal communities of Arnhem Land, where most of the major uranium discoveries have been made.

The statement followed three days of negotiations between the Council and Queensland Mines, discoverers of the Nabarlek deposit, on terms and conditions for development. It said the NLC saw the possibility of agreement with the mining company on environmental and financial issues but recognised that the company could go no further because of unknown factors which were a matter for Government decisions.

Specifically, the statement asked the Government for an urgent announcement of its intentions regarding a resource tax on uranium mining—an issue raised in a general way in last year's budget. In effect, the Land Council said, apparently with the tacit support of Queensland Mines, that the lack of a clear Government policy is still the main obstacle to a start on mining development.

There are some fears in the uranium companies that a decision on a possible resource tax might not be made public until the next budget, in August. A spokesman for the treasurer, Mr. John Howard, said in Canberra to-night, however, that the question should "not necessarily" be seen in that context.

On safeguards, Mr. Fraser said in his statement to Parliament to-day that he expected a further round of negotiations with Iran "in due course." There is no more definite indication available of the timing.

Mr. Fraser said that Iran was potentially a major customer for Australia's uranium, prepared to buy 15,000 tonnes for the period to 1994. But he insisted that a safeguards agreement, containing all the elements of the safeguards policy he announced last year, remained a prior requirement for uranium sales "to Iran or any other country."

"It is more important that the world be assured that the trade in uranium will not be a destabilising force, a force that would undermine the present nuclear non-proliferation regime and move us from a safer world," said Mr. Fraser. He said the U.S. and Iran had also been negotiating on nuclear safeguards and the question of prior consent for reprocessing was also a significant issue there.

Martin Dickson reports on Rhodesia at war in town and country

No humans stir among the mud huts

YOU GET AN eerie feeling there is something out of place in the landscape as you drive out of the wattle plantations above the Honde Valley and down through stunning mountain scenery to the valley floor 2,000 feet below.

It takes a few seconds to realise what it is: although already two hours after sunrise, no humans stir among the mud-hut homesteads scattered on the upper reaches of the valley. Only a few stray cows munch placidly in the abandoned maize patches. The huts are delapidated through neglect. Windows are shattered in the abandoned homes of the more prosperous Africans who could afford a brick and corrugated iron home. Shops are closed.

This is life in the country where, because of Rhodesia's escalating guerrilla war, the people of the Honde Valley, to the north of Umtali on the eastern border with hostile Mozambique, have been moved from their homes into so-called protected villages (pv's) on the valley floor. It is difficult for those with homes on the upper reaches to return to them when the night-time curfew is lifted at dawn.

Protected villages are one of the Rhodesian Government's major war weapons. The theory behind them has already been tested in Malaya and Mozambique:

If guerrillas are fish swimming in the sea of the African population, then isolate them by placing the peasants in a special tank — large, consolidated villages, containing anything between 1,000 and 4,000 people. Surround the villages with a security fence and build a central keep in the village to house a defensive militia. Impose a night-time curfew and check that when the peasants do leave the village they do not smuggle out any food to the guerrillas.

You will then protect them from guerrilla intimidation and prevent them from collaborating. There are now an estimated 183 protected villages scattered across Rhodesia, containing 500,000 or more Africans—a good 13 per cent. of the rural population. They are just one example of the immense pressures placed on the African population by the war. It is the poor, ill-educated peasant who suffers most. He is caught in the middle.

On the one hand, peasants face demands from the guerrillas for food, drink and shelter. Those suspected of collaborating with the authorities are liable to be executed or tortured. Money is demanded and people are ordered not to dip their cattle.

On the other hand, the peasants are under considerable pressure from the Rhodesian military to give information about guerrilla movements and not to collaborate.

Other side effects of the war include a refugee problem and a sharp rise in criminal banditry in black rural areas. It is all too easy for someone to pretend to be a guerrilla. Black refugees have been trickling into Salisbury, many of them to stay with relatives in the city's already overcrowded black townships. Some of them have fled from protected villages attacked by the guerrillas.

The majority of Africans dislike life in protected villages. It has meant moving from their scattered ancestral homes and an agricultural upheaval. The fields of many peasants are too far away from the villages for them to spend sufficient time there and they have had to be allocated new ones.

The villages have been severely criticised in the past. There have been allegations of malnutrition and disease among their inhabitants and inadequate advance planning in the provision of basic amenities. It is not possible to generalise about the truth of these claims when you are taken to visit villages selected by the Government and in the company of Government officials.

"Sure, it's inhumane in that you consolidate people into such an area," acknowledges the Assistant District Commissioner in the Honde Valley. But there is, he says, piped and purified water in all the 18 villages in the valley and a medical unit in each.

In military terms, he says, the protected villages in the Honde Valley have been a success. Early last year there were constant land mine explosions and guerrilla ambushes. Bus services no longer ran and the local corn mills had closed down. Now, guerrilla incidents have virtually ceased, the buses are running, mills open — and Rhodesian troops have been withdrawn.

In the city it is another story. It is hard to take in the extent of of Rhodesia's guerrilla war when you are sitting in the country's major cities—and 66 per cent. of Rhodesian whites live in Salisbury or Bulawayo.

Although handbags and brief-cases are routinely searched for bombs in stores, offices and hotels, the war seems curiously remote in Salisbury, a city which has always had an air of unreality.

Since all able bodied white males up to the age of 50 are involved in military or police service, word of what is happening in particular areas does get back to the cities. But it is difficult to gain an over-all picture of how the war is going—the Government and its censors discourage reports liable to spread alarm and despondency among the whites.

The war has, of course, had a far more devastating impact on blacks than whites. But it has meant considerable changes in the European way of life. You go to meet a leading banker in his office and he casually mentions he has been up since three in the morning on police duty. He shows you his staff rota chart. His younger executives spend almost as much time in the year on military duty (and on holiday) as they do in the office.

It is a war with no clearly defined enemy. The only thing you know for certain about the guerrilla is the colour of his skin. This can heighten white suspicion of blacks in general. Driving along a country road at dusk it is all too easy to have a sudden moment of panic when any African face looms out of the shadows.

Businessmen say the constant staff changes resulting from military call-up have pushed up operating costs significantly. However, the depressed state of the economy and the decline in domestic demand have to a considerable extent offset industry's skilled manpower problems.

You only begin to appreciate this when you start to drive out of Salisbury. About seven miles from the city centre you come across a white civilian hitch-hiker with a rifle casually slung across his shoulder. Fifteen miles out there is a petrol station where the white manager totes a holstered pistol.

Twenty miles out you reach the village of Norton, where a white farmer's wife and daughter were shot dead by guerrillas in January. You are now into countryside where farmers live behind security fences. Special alarm phones are being linked directly to the local police station and most farmers sleep with guns by their beds.

Only the folhardy, the blase or the fatalistic now travel outside the main towns after sunset. Even in daylight most drivers carry guns in their cars. There are guarded convoys on sections of most of Rhodesia's major roads.

That said, it is all too easy to paint an over-dramatic picture of the effects of war, a picture which most white Rhodesians would not recognise. It would be wrong to create the impression that white Rhodesians in rural areas go in constant fear for their lives. The war has not reached that stage. It is simply that there are few parts of the country now where a Rhodesian white can be certain there are no guerrillas, even if he or she will be unlucky to run into them.

Expert claims paintings faked

By Our Own Correspondent — CANBERRA, May 5.

A SYDNEY exhibition of paintings, supposedly by the U.S. abstract artist Jackson Pollock, has been closed because of doubts about their authenticity.

The exhibition at the Ivan Dougherty Gallery was broken up this afternoon and the pictures are being sent to Los Angeles by their exhibitor, Mr. Bohdan Ledwij, for investigation of their authenticity. Mr. Ledwij has claimed the exhibition was valued at A\$4m. (£2.5m.).

Doubts about the paintings have been building up for several weeks, especially because of a series called "Study No. 1, 2, 3 and 4 Blue Polls." Pollock became almost a household name in Australia because of the controversy in 1973 over the decision of the Australian National Gallery to pay A\$1.3m. for his painting "Blue Poles."

A New York art authority, Mr. Clement Greenberg was prepared to pass judgment this week on six of the paintings in the Sydney exhibition on the strength of a colour spread in a magazine. He said "Six of the 'Pollock' reproduced in the Australian Women's Weekly of April 19 are not Pollocks."

Mr. Ledwij, a Perth gallery proprietor, who brought the paintings to Australia, still believes firmly that they are genuine.

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HOME NEWS

Heath offers EEC plan to move into world lead

BY MALCOLM RUTHERFORD

MR. EDWARD HEATH put forward a comprehensive plan yesterday for the European Community to give a lead in international affairs following what he described as "the withdrawal of the U.S. from major world problems."

He said that it would be best if the key industrial countries could reach agreement at the Economic Summit due in Bonn in July on filling the vacuum created by disintegration of the post-war economic system. But if that meeting failed, Europe would have to act on its own.

The best way to do it, he suggested, would be for the Community to use its "unrivalled borrowing powers" to channel the OPEC surpluses into investment in Europe. The funds should be employed in two ways:

- Reconstruction of European industry. This would mean a large extension of regional programmes.
- A similar reconstruction of European agriculture especially in the Mediterranean areas. This, in turn, would help deal with problems created by Community enlargement.

There was no stronger borrower in the world than the Community. There were also compelling reasons why the OPEC surplus countries should wish to lend for industrial investment.

In the recent past they had lost about 20 per cent. simply because of depreciation of the dollar. This would not happen if the surpluses were invested in industry.

Some OPEC countries would also have to recognise that their own regimes would be in danger if the Western economic and political system were to go under because of continued recession.

Apart from economic reconstruction Europe must do more about its own security. The feeling of the American people that the U.S. could no longer intervene in the world had to be accepted, and the consequences had already been seen in Africa.

"The U.S.," said Mr. Heath, "no longer regards itself as the leader in political affairs in the Western world, let alone in the world as a whole. There is now a vacuum, and there is no single example of action being taken to fill it."

It was not surprising that the Eastern Bloc regarded the Western world as in a state of confusion and lacking the will to take initiatives to restore order. It would conclude that the West had become "weak, effete and ineffective."

It was therefore up to the European Community to fill the vacuum.

Mr. Heath placed special emphasis on the need to relieve unemployment which, he said, if it continued, would undermine society and the free enterprise basis of the Western economies. It was for that reason that it was necessary to mobilise the OPEC surpluses.

Europe must take an initiative to end the stagnation of the North-South dialogue and rationalise use of its own resources so that it was in a position to compete with the U.S. If the latter were not done, the Community would become a "community of fabricators" and its best brains would leave.

Mr. Heath was giving the third Federalist Lecture in memory of Sir Peter Kirk, the MP who led the Conservative delegation to the European Parliament.

Trevor Humphries

Mr. Heath at the Royal Society of Arts, where he made his speech, with Mr. David Barton, chairman of the Council for the Federal Trust for Education and Research, and Lord Gladwyn, a patron of the Trust (right).

Tories back Bonn on trade

BY JOHN LLOYD

THE Conservative Party has come out in support of the West German Government in its stand against the trend towards protectionism in the Common Market.

Earlier this week, Count Otto Lambsdorff, West German Economics Minister, told a meeting of the EEC Foreign Ministers that competition in the market place was "the most important driving force towards adapting outdated industrial structures."

He attacked measures taken by the EEC to restrict trade within the Community, and to impose tariffs on products from outside. He also criticised intervention in industry, and the attempts to "pick winners."

In a speech in Sheffield last night, Mr. Norman Lamont, an Opposition spokesman on industry, said that Count Lambsdorff's comments were both salutary and timely.

"There is a real dager that the EEC Commission will seek to expand its involvement in industry simply in order to have something which can be called a European industrial policy.

"For that reason we must welcome the determination of Count Lambsdorff and the German Government to oppose any extension to the already long list of "crisis sectors" entitled to special EEC help."

Mr. Lamont said that the measures taken to protect the European steel industry could produce temporary relief. But if they were prolonged, they would place an increasing burden on the steel-using industries and damage the U.K. and other EEC economies.

On intervention in industry, there was no reason to think that the EEC would be more successful than national Governments, he said.

Doctors' pay report could recommend 28% rises

BY DAVID CHURCHILL AND MICHAEL DIXON

THE GOVERNMENT is expected next week to publish the independent Review Body report on doctors' pay which could recommend increases of up to 28.5 per cent. for all 75,000 National Health Service doctors and dentists.

But the Government is likely to allow only a 10 per cent. rise this year with the balance implemented over the next two years.

The British Medical Association said last night that it had not received any details of the Review Body's report.

But it suggested that recommended increases of 28.5 per cent. would still be some way below what the profession felt was needed to restore living standards.

It seems likely that the doctors would grudgingly accept the 10 per cent. increase now, with more to come later. But there is a possibility that the Review Body has suggested that junior doctors should get a smaller increase than consultants.

Such a recommendation would be certain to spark off a strong reaction from the junior doctors, who have shown their militancy in the past.

The Government yesterday guaranteed 37,000 university teachers two special pay rises, each totalling more than £16m., in October and again a year later, on top of the increases they will receive in the ordinary way.

The guarantee, agreed in London yesterday with leaders of the Association of University Teachers, virtually cancels the threat by many dons to refuse to mark this summer's degree examinations.

The special rises are to correct an anomaly caused in 1974 when incomes policy prevented dons from receiving most of a 20 per cent. increase recommended by arbitration.

The association originally claimed that 16 per cent. was required to repair the damage, but later lowered its sights to 12 per cent.

The effect of the special rises on dons' pay scales cannot be worked out until the normal 1978 and 1979 rises have been settled, but the negotiators have agreed scales representing how much university teachers would at present be receiving had the anomaly not arisen.

Call to restore separate overdraft-proof accounts

BY DAVID FREUD

COMPANIES in financial difficulties should be able to segregate the security they can offer on loans by opening a new account, recommends the Consultative Committee of Accountancy Bodies. This new account would not be liable to offset against an existing overdraft.

This is the most controversial recommendation in two memoranda dealing with creditors' rights and delinquent directors submitted in evidence to the Insolvency Law Review Committee.

The committee was set up by the Trade Secretary in 1976 under Mr. Kenneth Cork to review insolvency law and practice in England and Wales.

The banks are likely to take strong exception to any move to reduce their security in the way the accountants suggest, even though the new accounts would be opened only "provided the bank concerned agrees."

The accountants justify their recommendation by pointing to the situation in the 1960s, when it was common for companies in financial difficulties to open a new account.

"The new account would be kept in credit and the bank would agree not to set off any credit balances on the new account against the overdraft at the date of any subsequent liquidation.

"This arrangement meant that after the date of the agreement the bank would not be preferred ahead of other creditors, and thus the directors could continue to realise assets and run a business (often trading on a cash basis) for the general benefit of all creditors."

These arrangements were ruled out in 1972 when the Westminster Bank won a ruling against Halesowen Presswork to the effect that parties could not contract out of Section 31 of the Bankruptcy Act.

This section states that where there have been mutual credits, debits or other dealings they shall be set off on bankruptcy or liquidation. The accountants say legislation should be introduced to reverse this decision

Keep out of Euro-poll—Powell

BY RUPERT CORNWELL

MR. ENOCH POWELL, the most zealous protector of national sovereignty, last night issued a grave warning to Britons not to vote in next year's European elections — or by doing so, signal their rejection of much of Westminster's authority.

Mr. Powell was speaking in his County Down constituency on the day that the Direct Elections Bill received the Royal Assent.

Voters would be accepting in advance not just what might be done by their own Euro-MP "but by a majority of these elected by the combined electorates of the nine member-States of the EEC," he declared.

The authority they would thereby confer was one which would override the authority conferred by electing the House of Commons at Westminster.

"I will put the matter more plainly still," the Ulster Unionist MP said.

"By participating in the act of electing representatives to the European Assembly, the elector expressly withdraws his sanction from Parliament in all matters with in the large and potentially unlimited scope of the Common Market."

In doing so, he was demonstrating a divided loyalty between Britain and an external authority. Mr. Powell made plain last night that he saw this split at the very heart of what he called Britain's sickness.

The disease, he argued, was evident also in the devolution legislation.

This was a "monstrous concoction," devised "on the extraordinary theory" that a formal acknowledgment of a division of loyalty would meet the wishes of separatists who sought to repudiate the nation altogether.

The nation-state, contrary to predictions, was neither obsolete nor obsolescent.

More than any other nation, Britain, had been so by virtue of a single, uncontested and undivided loyalty . . . "the true crisis of Britain, its long sickness of 30 years' defeat after victory, is a crisis of loyalty."

Howe pins election hopes on Budget

FINANCIAL TIMES REPORTER

IF the Government was defeated in Monday's vote on the Finance Bill by an alliance of Conservatives and minority parties it should resign, Sir Geoffrey Howe, Shadow Chancellor, said yesterday.

He said that the Tories required the support of all the minor parties to force through their amendment for a 1p reduction in the basic rate of income-tax. If they succeeded in defeating the Government the Prime Minister ought to go to the people.

But Sir Geoffrey, speaking in Birmingham, doubted whether Mr. Callaghan would take such a heroic view. He was prolonging a general election, holding on Micawber-like in the hope that "something would turn up," said Sir Geoffrey, using Mrs. Thatcher's simile.

Looking towards next week's Commons vote, he said: "The Liberals have said they will support us, the Nationalists have said they will support us, and the Ulster Unionists are involved in an internal disputation."

Sir Geoffrey told his audience of 150 financiers that his party could not rewrite the Labour Budget but could only seek to improve it.

Earlier he told reporters: "You cannot make a silk purse out of a sow's ear," but said that a Tory Budget would remove impediments to enterprise and reward hard work.

This would be done by reducing income tax, by curbs on public expenditure, and possibly by the introduction of higher spending taxes.

Mr. Healey's Budget was wrong. Government borrowing was dangerously high and the opportunities provided by North Sea oil were being squandered. Another criticism was that profit had been "a dirty word" to the Left for a very long time.

House agent Bill stalled in Commons

By Ivor Owen

THE PRIVATE Member's Bill which seeks to introduce new safeguards for those who engage in property transactions through estate agents now has little prospect of becoming law in this Parliamentary session.

A number of amendments—nearly all tabled by Tory MPs—remained to be considered when debate on the report stage of the Estate Agents' Bill was adjourned in the Commons yesterday.

Although Mr. Bryan Davies (Lab., Enfield North), the chief sponsor, indicated his intention to press ahead with the Bill, its position in the queue of Private Members' measures which are competing for a limited amount of Parliamentary time is now so unfavourable that it is unlikely to complete its remaining stages.

The two Labour-sponsored Private Members' Bills designed to make amendments in the Employment Protection Act to benefit trade unions, also failed to make progress yesterday.

Both these measures are principally designed to remove trade union grievances arising out of the Grunwick dispute, and Mr. Michael Foot, the Leader of the Commons, is coming under increasing pressure from the Labour back benchers to rescue them by providing Government time.

£450,000 settlement ends Cannon dispute

BY MARGARET REID

A SETTLEMENT has been reached in the protracted legal dispute concerning Cannon Assurance, the former ILI (U.K.), control of which was bought in 1972 by Keyser Ullmann Holdings, the merchant banking group, from the liquidators of Mr. Bernie Cornfeld's collapsed Investors' Overseas Services concern. At the same time, a smaller stake in Cannon was purchased by Mr. Edward du Cann, MP, then Keyser's chairman.

Claims by the IOS liquidator that there had been impropriety in the transfer of the interest to these buyers from Mr. Robert Vesco's Value Capital have now been withdrawn, confirming the purchasers' title to their respective holdings, Keyser's of 57 per cent. and Mr. Du Cann's of 15 per cent.

As part of the settlement Cannon is paying £150,000, and Keyser and Mr. du Cann together are paying £300,000, to IOS. Mr. du Cann is now the £25,000-a-year chairman of Cannon, though no longer a Keyser director. It is not disclosed how the £300,000 being paid is being apportioned between him and Keyser.

Keyser is also acquiring, at £4 each, a further 75,000 Cannon shares which are at the disposal of IOS, so bringing its interest in Cannon up to 66 per cent.

Some £2¼m., part of the purchase price for the Cannon shares bought by Keyser in 1972, which has been held in suspense meanwhile, and which includes interest, is now being paid over to the IOS liquidator by Keyser.

A further sum of £500,000, representing fees which have piled up under an agreement with Transglobal Financial Services, and for the payment of which Keyser has already made provision, is also being paid over.

The settlement is stated to be subject to court and other approvals.

Ranger Oil to quit well

RANGER OIL (U.K.) said yesterday that it was abandoning North Sea Well 23/27-4, about 175 miles east of Aberdeen, after encountering shows of hydrocarbons.

Participants in the well are Ranger Oil (U.K.), with 40 per cent.; London and Scottish Marine Oil, 45 per cent.; and IU International Corporation, 15 per cent.

Fewer companies going out of business

THE NUMBER of companies going out of business in England and Wales has continued to decline.

Figures published by the Department of Trade and Industry show that company liquidations and bankruptcies both fell on a seasonally adjusted basis in the first quarter of 1978, following falls in the previous quarter.

Company liquidations, which peaked about the middle of last year, totalled 1,307, against 1,397 in the last quarter of 1977.

This was mainly due to a drop in compulsory liquidations from 616 to 504. Before seasonal adjustment there were 1,339 company liquidations, 13 per cent. less than in the first quarter last year.

Bankruptcies seasonally adjusted fell to 943 in the first quarter of 1978, compared with 1,030 in the preceding quarter.

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Gold Fields pays to man the pumps

BY PAUL CHEESERIGHT

A BREATHING SPACE has been won by the Government in its attempt to keep open the Wheal Jane tin mine in Cornwall and thus preserve more than 400 jobs in an area where unemployment is running at 11 per cent.

Consolidated Gold Fields, the mine's owners, have agreed to pay Cornwall Tin and Mining to keep the pumps turned on at the neighbouring Mount Wellington mine at least until the end of next week.

The Mount Wellington pumps have assumed importance in the negotiations between the Government and Gold Fields because, if they are turned off, Wheal Jane becomes liable to flooding as water from Mount Wellington moves through old workings and seeps into the mine.

The decision of Cornwall Tin to close Mount Wellington led to Gold Fields announcing last week that Wheal Jane would also shut.

Once the Mount Wellington pumps are turned off it will take about three weeks before the flow of water into Wheal Jane increases. Cornwall Tin had originally planned to stop them yesterday morning.

The Wheal Jane pumps can cope with about 7m. gallons a day, 2.5m. gallons more than the usual seepage. But Mount Wellington has been pumping out 5m. gallons a day.

Now the immediate threat to Wheal Jane has been lifted, the Government is set to discuss with Gold Fields ways of keeping Wheal Jane open. There have been no meetings since Mr. Alan Williams, Minister of State for Industry, saw Mr. Gerald Mortimer, the Gold Fields chief executive, on Wednesday.

The Government's position has shifted markedly over the past 10 days in response to Parliamentary and trade union pressure. Its new desire to keep open the mine is linked primarily to the employment issue, and it is believed to be prepared to offer some aid.

New seatbelts campaign will cost £1.2m.

BY TERRY DODSWORTH

A NATIONAL £1.2m. publicity campaign is being launched by the Department of Transport to persuade car drivers and front seat passengers to wear seatbelts.

Emphasis is being placed on wearing belts for short journeys in towns. Surveys suggest that whereas more motorists wear belts than five years ago, only one in five regularly uses them, mainly because of the belief that on short urban journeys they are not needed.

The Department stresses that, contrary to this belief, about three-quarters of all accidents and nearly half the fatal and serious accidents occur in built-up areas.

Launching the campaign, Mr. William Rodgers, Transport Secretary, said that by wearing belts drivers double their chances of survival if they are involved in a serious accident.

"However skilled a driver may be, he cannot be sure that someone will not collide with him, so everyone has something to gain by wearing a belt. If everyone did so, 12,000 fewer people would be killed or seriously injured each year."

The publicity campaign will include both TV and newspaper advertising over the next six months.

Coins in Mint condition —official

BY CHRISTOPHER DUNN

BRITAIN'S COINAGE was yesterday pronounced "not guilty" of weight, size or any other defects, and emerged from the annual Trial of the Pyx, held at the Goldsmiths' Hall in the City of London, without a stain on its character.

A 27-man jury told Mr. Jack Jacob, Queen's Remembrancer and Senior Master of the Supreme Court, that Britain's coins still met required legal standards, and could circulate freely throughout the realm.

Under the Trial of the Pyx, an ancient ceremony dating back possibly as far as Roman times, output from the Royal Mint is checked each year for standards by an independent jury, as if it were on trial in the High Court.

The trial starts in February when about 40,000 coins, including this year Silver Jubilee and New Zealand coins, are delivered to the Goldsmiths' Hall, in a Pyx or Mint Box.

Royal Mint officials have to deposit coins in the Pyx as they are made throughout the year, according to set ratios.

The jury, drawn from the Goldsmiths' Company and sworn in by the Remembrancer, then counts the coins, which are subsequently checked by random sampling until May for any defects.

Yesterday's favourable verdict was delivered in an elaborate ceremony before Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who was standing in for Mr. Denis Healey, who is an ex-officio Master of the Mint as Chancellor of the Exchequer.

Soviet fishers go north for whiting

BY RICHARD MOONEY

NOW THAT the south-west coast mackerel season is over, the Russians, who have been buying mackerel from British trawlers for reduction into fishmeal, are switching their attention to Britain's Northern waters.

The Soviet factory ship Riga is on its way to the west coast of Scotland to begin transhipping blue whiting for the same purpose.

Two British vessels are already on the fishing grounds catching blue whiting for sale to the Russian ship, and these are expected to be joined by six or seven other trawlers. The deal with the Russians was negotiated by Joint Trawlers on behalf of the Boston, Boyd, Marr and Irvin fishing lines.

Blue whiting is Britain's only major under-exploited fish stock, and has been termed the "great blue hope" of the U.K. fishing industry. But processing problems because of the small size of the fish have hindered its commercial exploitation for human consumption.

These problems now seem to have been defeated, however, by the German Baader company, which will demonstrate its 120 fish-a-minute filleting machine in Aberdeen next month. If this machine lives up to its manufacturer's claims, all that will remain will be to persuade the British housewife to buy and serve this unfamiliar fish.

The trawler operators involved in the Anglo-Soviet deal do not see their action as a threat to the blue whiting stock, but as a lifeline for the British trawling industry. The boats catching the blue whiting would otherwise have been laid up, they claim.

The Riga has a processing capacity of about 600 tons a day so in the blue whiting season, which lasts no more than three months, it could not consume much more than 50,000 tons of fish. This total would hardly dent the stock which has been estimated to offer a potential yield of between 1m. and 2m. tons a year.

A more serious threat to the commercial survival of the blue whiting is the hunger for fishmeal supplies of other EEC members, particularly the Danes, who have been looking at this stock for some time.

Overseas moves lift unit trusts

Financial Times Reporter

LATEST performance figures for the unit trust industry suggest very strongly that this is going to be the year of the international fund. The upper levels of the performance tables produced by the monthly magazine Planned Savings are—for the four months to the beginning of May—completely dominated by funds which are invested abroad. Of those, the funds invested in the Pacific Basin have made by far the strongest showing, with the value of units in Gartmore's Far Eastern fund now 30 per cent. higher than at the beginning of the year. Henderson Far Eastern and GT Japan and General were only marginally behind.

The first break in the pattern comes with New Court International, now almost entirely invested in the U.S., which, with a gain of 21.2 per cent. since the beginning of the year, holds eighth place in the tables.

Of the 356 unit trusts whose performance is chronicled by Planned Savings, 256 have outperformed the FT Actuaries All Shares Index, while 297 have outperformed the FT Industrial Ordinary Index.

Early start on home insulation grants

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PLANS to provide local authority grants to householders insulating their homes were announced yesterday by the Government.

The Home Insulation Bill will enable the Secretary for the Environment to lay before Parliament schemes for grants towards the cost of improving thermal insulation.

Under the first scheme grants will be available for loft insulation and the lagging of hot and cold water tanks and loft pipes. Owners or occupiers of uninsulated private homes will be able to apply and grants will reach 66 per cent. of the total cost or £50, whichever is less.

Provision in the Bill is made for local authorities to be reimbursed in full for grants paid by them, and they will also receive payments to cover expenses incurred in complying with the Bill.

For the current financial year, £15m. will be made available for the first scheme and this will rise to £25m. in the next 12 months.

The Department of the Environment estimates that more than 5m. private homes are without loft insulation and it is planned to deal with most of these in a 10-year period.

It is hoped that the first scheme can be effective before the peak period of insulation activity in the autumn.

More spent on household durables

AN INCREASE of 10 to 11 per cent. in real spending on household durables this year is predicted by Phillips and Drew, stockbrokers, in its latest industry review.

The firm says that 1979 should see a further good advance, with spending passing the peak levels of 1973. It points out that although the Budget contained no measures specifically designed to boost demand for durable goods, the general recovery in disposable incomes will be strengthened by the Chancellor's tax cuts.

The first two months of this year saw a "useful improvement in demand" for domestic appliances, and a 6 per cent. increase in manufacturers' deliveries to the home market is forecast for the full year. In addition, it is hoped that there will be some rise in export deliveries as the major European markets recover.

"Overall, we are forecasting increases in total output of electrical appliances in the order of 5 to 10 per cent. in 1978, with further similar increases in 1979" the review says. "In no case, however, do we expect 1973's output levels to be exceeded."

The review sees evidence that an upturn in demand for furniture has already begun, and an overall 10-11 per cent. volume increase in retail sales in 1978, with a further 7 to 8 per cent. increase in 1979, is predicted. A significant increase in U.K. carpet sales is also expected this year and the forecasters say this should continue into 1979.

Insurance for to-night's satellite

By Michael Donne

THE £150m. European Space Agency's Orbital Test Satellite OTS-2, which is the experimental precursor of a system of European Communications Satellites for the 1980s, is due to be launched from Cape Canaveral, Florida, to-night.

OTS-1 was destroyed during launch last September. OTS-2 has been built by a consortium of European companies, of which British Aerospace's Dynamics Group is a member. The U.K. share of the cost is £25.8m.

In the event of another failure, the cost of replacing OTS-2 and its launch vehicle will be covered by insurance.

The OTS-2 capacity will be equivalent to 6,000 telephone circuits. It will be put into orbit over Gabon, West Africa, and will cover the whole of Western Europe, the Middle East, North Africa, the Azores, the Canary Isles, Madeira and Iceland.

Brewster plan to end class war

By Our Foreign Staff

MR. Kingman Brewster, the U.S. Ambassador to Britain, yesterday called for the "social equivalent of war" to prevent bitter class differences emerging in Western society.

He said the prolonged stagnation of economic growth and employment was causing divisive resentments to fester between the unemployed, those who worked for their living and "those who are so privileged that they can live well without working."

Extremists were ready and waiting to exploit this resentment, Mr. Brewster said in the inaugural annual lecture at the St. George's House Conference Centre, Windsor Castle.

One solution would be to require all men and women to undergo a period of "under-compensated, publicly useful service" before entering their careers. Such service would be under-compensated because it ought to be used to accomplish things which could not otherwise be afforded at market prices.

"One or two years of universal service at a subsistence level of pay might go a long way to break the unacceptable fixation which tells us that we cannot afford to rehabilitate our slums, cannot afford to clean up our cities, cannot afford to take care of our open spaces and countryside.

"If all of us have to agree to be slaves for two years in order to live in a decent voluntary society for the rest of our lives, so be it."

In the U.S., a National Board of Trustees should be set up to see how future generations could be spared from the consequences of present indulgence.

Horse stamps to go on show

THE Horses stamps, which the Post Office will issue on July 5, will be on free public display in the Sculpture Hall at the Tate Gallery, Millbank, London, from May 26 to 31.

The stamps, designed by Patrick Oxenham, mark the centenary of the Shire Horse Society. They feature a Shire horse, a thoroughbred and a Welsh and a Shetland pony.

Unions accept Shell offer

BY PHILIP BASSETT, LABOUR STAFF

OIL AND petrol supplies in areas affected by a strike over pay by white-collar workers at Shell oil terminals should soon return to normal. The unions involved agreed yesterday on a formula for a return to work.

Six hundred white-collar workers, members of the Association of Scientific, Technical and Managerial Staffs and the white-collar section of the transport workers' union, were called out on strike two weeks ago from 46 Shell terminals.

National officers of the two unions met yesterday at Transport House in London. An agreement, ratified by the joint national delegate conference of the unions, was reached on the basis of a return to work from midnight last night with the pay dispute going to arbitration.

Shell first offered the staff a 14.5 per cent. package deal, with everyone receiving a 10 per cent. basic pay increase and at least 2 per cent. for productivity. The unions rejected the deal, claiming that Shell had been more generous to other groups of workers.

The 10 per cent. plus 2 per cent. productivity deal will now be implemented for all the staff involved, backdated to January 1. The share-out of the remaining 2.5 per cent. of the productivity deal will be decided by a mediator appointed by the Advisory Conciliation and Arbitration Service.

The strike affected supplies in South London, Greater Manchester, Hertfordshire and Cambridgeshire.

Shell said that the offer, which was within Government pay guidelines, had not been changed by the company during the strike or the talks to end it.

Building wages deal may be threatened

BY NICK GARNETT, LABOUR STAFF

A MEETING of the Transport and General Workers' Union national crafts and construction committee next week could prove decisive on whether a pay settlement for 700,000 construction workers will be jeopardised.

A majority of the joint-union side of the industry yesterday accepted the offer. Negotiators for both the largest unions, the Union of Construction, Allied Trades and Technicians and the Transport and General Workers, agreed to the deal.

Almost all the regions of the transport workers, however, have already notified union officials that they were not prepared to accept it.

The union's negotiators will attempt to persuade members of its crafts and construction committee that the only alternative to acceptance now could be industrial action.

The employers yesterday reaffirmed that they were not prepared to make any improvements in the pay package, which they say is worth a fraction short of 10 per cent.

A failure to persuade next week's meeting to accept the deal could put the transport workers in an embarrassing position if UCATT goes ahead with the new wage agreement.

Surprise for gallery staff

BY PHILIP BASSETT

STAFF at the Tate Gallery in London who left the Civil Service Union in a bid to secure better pay and conditions were told yesterday that they were not members of the Transport and General Workers' Union, which they thought they had joined.

The move by 130 employees threatened Sunday opening of the gallery because of a projected ban on week-end overtime.

Mr. Leslie Moody, general secretary of the CSU, this week accused the TGWU of poaching members. Yesterday Mr. Ron Todd, transport workers' national organiser, said that because his union was not a signatory to Tate Gallery pay agreements, the staff could not be TGWU members. The TGWU had stopped taking their subscriptions.

Mr. Moody said he was seeking an assurance from Mr. Moss Evans, TGWU general secretary, that the union would not try to represent staff at the Tate.

NUJ may press strike

BY OUR LABOUR STAFF

PROPOSALS for an all-out strike from next Tuesday in the Thomson Regional Newspapers group because of a dispute over productivity pay and the recent dismissal of nearly 380 members were being considered yesterday by the executive council of the National Union of Journalists.

The plan was viewed in the light of a group chapel report on latest developments in the dispute which has led to industrial action on a number of Thomson provincial newspapers.

Just over a week ago the union called for a 24-hour strike by more than 3,000 journalists throughout the group's newspapers—with the exception of Edinburgh—in protest at the dismissal of 77 members at Hemel Hempstead, Herts, over a work-to-rule.

Since then, about 300 journalists elsewhere have also been dismissed for taking similar industrial action, and a further 230 have stopped work in response to an NUJ call.

The dispute originates from what management describes as a demand by some chapels for productivity payments outside the Government's pay guidelines.

A management peace proposal at Hemel Hempstead which suggested that claims of unfair dismissal might be put to arbitration as an alternative to an industrial tribunal was rejected by the journalists on Wednesday.

● The Conservative Party has denounced as "a gross restriction of the freedom of the Press" a decision by the National Union of Agricultural and Allied Workers to admit only TUC-affiliated journalists to its conference at Southport next week.

Leyland strike called off

BY OUR LABOUR STAFF

TWO SEPARATE strikes at Leyland's Castle Bromwich body plant, Birmingham, were called off yesterday, when 56 toolfitters and 18 building maintenance workers accepted plans to seek an independent mediator.

About 4,000 men laid off at Castle Bromwich and 500 at Longbridge have been recalled.

More than 800 workers at Leyland's Horspath parts depot in Oxford decided to stay out until Tuesday in a manning dispute which began with an overtime ban two weeks ago over the threatened dismissal of a union convenor. His appeal against dismissal is to be heard on Monday.

Meanwhile, car delivery drivers at Cowley said they would continue their 10-day-old strike in support of a union branch chairman discharged last year.

● A Vauxhall worker caught asleep during a night shift was said by an industrial tribunal yesterday to have been unfairly dismissed. Mr. Mohammed Ayub, of Luton, Bedfordshire, who was sacked in February, claimed it was common for night shift workers to play cards or go to sleep after finishing their work quota.

Tether bid to read testimonials

MR. C. Gordon Tether, the former Financial Times journalist dismissed following a dispute over the editor's control of his daily Lombard column, told the London Industrial Tribunal hearing his reinstatement claim yesterday that it would be "a travesty of justice" not to allow him to read in open court a dossier of testimonials. He said that reading them would go some way to repair the damage inflicted on his reputation.

Mr. Tether, who wrote the column for 21 years, claims he was unfairly dismissed.

After procedural difficulties prevented the tribunal from hearing evidence by one of Mr. Tether's witnesses, he suggested that he read the testimonials to fill what would otherwise be wasted time.

Mr. Brian Dupe, the tribunal's trade union nominee member, said that the Financial Times had stated specifically that Mr. Tether's competence was not at issue.

Serious

Mr. Tether replied that the Financial Times had raised serious charges against his work in open court and had alleged that some of it had fallen below the standard of a quality newspaper. He could not correct this allegation unless he read his testimonials in open court.

Mr. Frank Brice, the employers' nominee member, pointed out that the tribunal had had these documents in front of them for a year (the tribunal first sat on May 2, 1977). He asked what it might gain by hearing them read.

Mr. Tether maintained that it was important the dossier should be read.

"For publicity?" asked Mr. Dupe, who reminded Mr. Tether that he was there to convince the tribunal he had been unfairly dismissed.

Mr. Tether said the Financial Times had had considerable publicity for the allegations made against him during the earlier part of the hearing. He wanted to rehabilitate his reputation.

Mr. Dupe said that publication "to the world at large" of Mr. Tether's testimonials could be done in other ways. He did not have to use the tribunal as a forum for publication in the Financial Times.

Answers

Mr. Thomas Morison, counsel for the Financial Times, intervened to say that if the tribunal allowed the testimonials to be read, it must bear in mind that he had already made it clear that the documents were the answers to letters from Mr. Tether.

The tribunal could get the full import of the replies only if it saw the letter which had solicited them. The letters to which the testimonials were responses should themselves be disclosed.

It had been the Financial Times' contention that Mr. Tether had intended to use the proceedings to attempt in public to clear his reputation, and that he had so intended before the proceedings started.

Mr. Morison added that Mr. Tether's attitude to these documents was entirely consistent with that view.

The tribunal ruling on whether or not the testimonials should be read in open court will be given on Tuesday when the hearing is resumed.

THE WEEK IN THE MARKETS

Confidence boosted

LONDON

ONLOOKER

Rising interest rates mean falling share prices. Right? Wrong, or so it seems to be in the present climate. Last month's explosive upturn on Wall Street was accompanied by a clearly rising trend in short term money rates, and this week in London has brought the curious spectacle of equity investors positively hugging themselves at the prospect of yesterday's increase in Minimum Lending Rate.

When the new rate turned out to be 8¾ per cent. instead of the figure of 9 per cent. or even more that some had been suggesting, the market actually seemed disappointed with the outcome.

This reaction may seem like pure masochism. In fact, it has more to do with the idea that higher rates were inevitable sooner or later, and that the longer such a move was *deferred, the more painful it* would probably turn out to be. We are all monetarists now, and anything that smacks of monetary prudence is greeted with loud cheers in the financial markets.

The result of all this excitement was that whereas gilts did nothing over the week—leaving the FT Government Securities Index nearly a tenth below its year's high point—equities moved strongly ahead and by lunchtime yesterday the FT 30-Share Index was within sight of its year's high point—a rally of an eighth from March's low. Chartists are *now talking* breezily about a swift move back up and away through 500.

But there are testing times ahead. Yesterday's rise in interest rates *is* not going to remove all the uncertainty about future *movements*. And there are some crucial economic statistics—notably on international trade and the banking sector—due in the next week or two.

Reed red lights

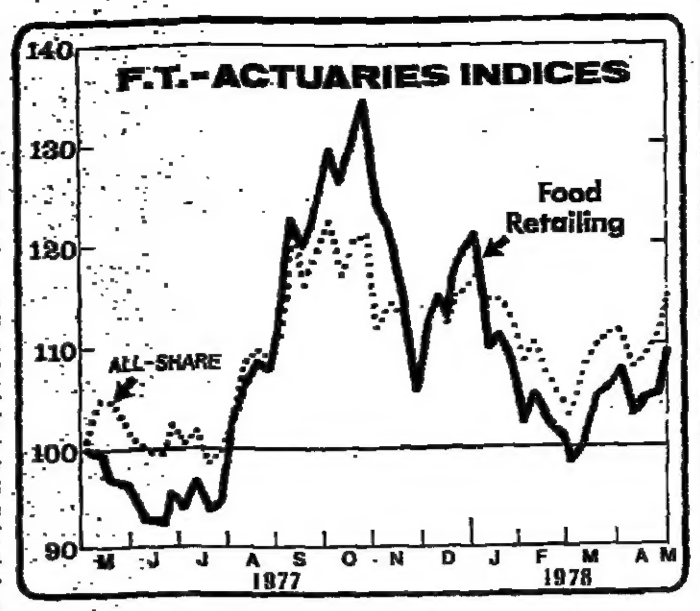
Although the shares of Reed International, the troubled paper giant, have rallied in recent months, leading brokers are still flashing red lights. The most optimistic recent reports call the shares highly speculative, while a new study from Grieveson Grant says openly that the degree *of risk involved* rules out purchases by either individuals or institutions.

Last week, despite the intention to pull out of South Africa, Reed's commitment intensified. This came about when Reed had *to let its S.A. partner buy out* of the Stanger pulp mill. In turn this focused attention more than ever on Canada, where losses, albeit declining, are still *continuing*.

Grieveson now believes that Reed will have to stay locked into Canada because the price it could expect from selling its subsidiary, Reed Paper, would not "have *much positive* influence on the gearing." The *stockbroking firm* argues that the true value of the assets of the main Canadian complexes is considerably lower than originally envisaged and that buyers would be hard to find.

If Reed can only raise, say, £20m. or so from the sales of the assets, as Grieveson estimates, then the broker believes it will stay locked in. The prospects then are a further two or three years' losses fol*lowed by low earnings until the* early 1980s. Long term this means that Reed *will* have capital tied up in "an area of low average earnings growth with high risk and high cyclicality" when the money could be better used in the U.K.

Grieveson is also of the opinion that the group will pass its final dividend although the *effects on the shares will not be* too severe. In holding this view it parts company from another broker, Buckmaster and Moore, which thinks that the shares would react to a nil final dividend (possibly down to as low as 90p) but that *payment* of say, 6p gross—to bring the year's payout to 15p—could provide *some short-term rise*. Longer-term, though, Buckmaster is also chary of Reed's prospects.



Food margins

Among the host of retailing results this week, the full year figures from J. Sainsbury gave heart to those who had feared the worst from the High Street price war. Though Sainsbury's second half margins fell to 3.7 per cent., its Discount '78 campaign has proved a success. This generated enough extra volume (up 8 per cent.) to limit the second half pre-tax fall to £1m., leaving the year ahead at £27.58m. (£26.18m.).

The question now is whether the downward spiral in food retailing margins has yet run its course. From 1975 to mid-1977 margins were steadily rising but Tesco's *decision to drop trading* stamps and adopt a low-pricing image changed all that. Inevitably the other retailers had to follow suit. It appears that they have done little more than match Tesco's tactics rather than go one better. So there is a good chance margins will be allowed to stabilise this year.

If the status quo is main*tained the food retailing sector* could see modest profits growth in 1978. Food volume could rise 2 per cent. (against a 4 per *cent. fall) and with price* inflation should just about manage to offset increased costs. Overall margins might rise due to an increase in the amount of non-food sales and the benefits of physical expansion. Neverthe*less a cautious rating is still in* order.

Laing hive-off

John Laing and Sons' plan to launch its £85.5m. property investment and development division as a separate listed company could, if tax and legal problems are resolved, open the door for a number of similar *exercises throughout the con*struction sector. Taylor Woodrow, Wimpey, and Tarmac each have property operations of sufficient size to stand on their own. And, following the logic of the Laing move, separate *listings would allow investors* to see through to the largely *ungeared weight of property* assets in these companies, assets now obscured, in market terms, by their construction businesses.

The proposals were enthusiastically received in the market and the shares topped the Data*Stream performance chart (for* companies capitalised over £20m.) with a rise of 27 per cent. on the week.

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	
Ind. Ord. Index	481.5	+15.8	497.3	433.4	Demand aggravates stock shortage
Treasury 15½% 1998	£120½	+ 1	£135⅝	£119½	Yield considerations
Bibby (J.)	229	−11	247	182	Denial of recent bid rumours
Conzinc Rio Tinto	204	−10	217	148	Lower profits warning
Davies & Newman	119	−13	135	108	Profits setback
Downs Surgical	36	+ 5½	38	30	Good annual results
Furness Withy	275	+26	348	206	Persistent bid speculation
ICL	282	+28	282	206	Press comment/Int. figs. soon
Johnson Cleaners	100	+ 7	102	74½	Revived bid hopes
Johnson-Rchrds (H&R) Tiles	130	+ 9	130	79	Hepworth Ceramic improve offer
Laing (J.) A	160	+27	162	121	Good results/Prop. int. hive-off
Lloyds Bank	285	+17	297	242	Prospect of higher lending rates
Pochin's	124	+28	124	82	Excellent interim profits
Redfearn Nat. Glass	275	−45	327	262	Monopolies Commission's ruling
Sainsbury (J.)	190	+20	207	161	Results match best expectations
Sears Hldgs.	72½	+ 6½	73½	54½	Excellent figs./Prop. revaluation
Southern Kinta	185	+20	185	140	Rise in tin price
Vernon Fashion	111	+21	111	63	Doubled profits and scrip issue

U.K. INDICES

Average week to	May 5	April 28	April 21
FINANCIAL TIMES			
Govt. Secs.	71.45	71.42	71.81
Fixed Interest	73.51	74.64	75.00
Indust. Ord.	474.4	462.5	454.3
Gold Mines	143.1	141.0	138.6
Dealings mkd.	5,323	4,914	4,590
FT ACTUARIES			
Capital Gds.	208.99	202.70	198.46
Consumer (Durable)	194.72	187.45	183.05
Cons. (Non-Durable)	202.97	197.34	193.22
Ind. Group	207.56	201.32	197.17
500-Share	229.99	223.17	218.11
Financial Gp.	164.86	160.20	159.06
All-Share	212.49	206.56	202.36
Red. Debs.	58.44	58.54	59.19

Miller's market

NEW YORK

JOHN WYLES

NEW YORK, May 5.

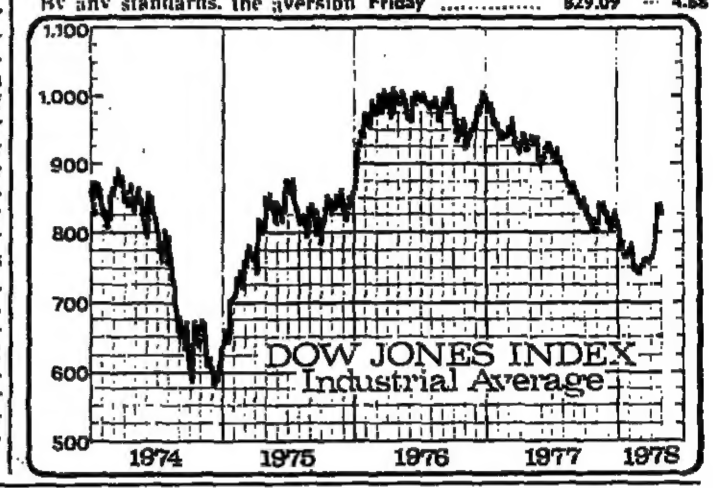
THIS TIME last week market observers were waiting with bated breath to see just what the reaction would be on the *New York Stock Exchange to the* second upward movement of short term interest rates in eight days. For much of last year interest rate action by the Fed*eral Reserve Board seemed* to cause investors to throw up their hands in despair and to seek shelter for their money in the bond market or commercial paper. In other words investors *did not like it. Their general dis*enchantment with equities seemed confirmed and as interest rates rose last year so the Dow Jones Industrial Average de*clined*.

There is always a tendency on Wall Street to impute a kind of oracular wisdom to the stock market. Often last year readers of the entrails would tell anyone who would listen that the market was making an unfavour*able judgment of President* Carter and that investors were putting their money behind the conviction that the U.S. economic recovery was too long in the tooth, too senile to be sustained through 1978 and that as a result stormy waters lay ahead *for American capitalism*.

By any standards, the aversion to the stock market was overdone. A few weeks ago before the current trading tumult got under way the Dow Jones Indus*trial Average was selling at* a little over seven times earnings. Even at the end of last week, by which time the Index had acquired an extra 70 points, the median price earnings ratio on all stocks was only about 7.5 per cent. This is conservative by any standards, not just the overheated peak of 19 times earnings which was recorded nearly ten years ago. As this column has *pointed out time after time*, stocks were heavily undervalued and it is not therefore surprising that three weeks ago a combination of cash-rich institutions and eager foreign investors thought that the dollar was sufficiently stabilised and the economic outlook sufficiently encouraging to go on a buying spree.

Although the market had declined nearly 20 points between Monday and Thursday of this week, the trading pulse has still been beating strongly and on *both Tuesday and Thursday the* market was able to recover from sharp mid-day declines of 10 or 11 points. It has been characterised this week as the "Miller market," *reflecting the fact that* investors are drawing comfort from the Federal Reserve Board's actions under *its new chairman*.

Closing indices		
Monday	844.33	+ 7.01
Tuesday	840.18	− 4.15
Wednesday	828.83	−11.35
Thursday	824.4	− 4.42
Friday	829.09	− 4.68



Friendly Mr. Fraser

MINING

PAUL CHEESERIGHT

MR. MALCOLM FRASER is not the most obvious candidate as the Australian mining industry's best friend. Since he became Prime Minister over two years ago, his supervision of the economy has often appeared uncertain, adding another element of concern to the problems the industry was already facing in sluggish base metals markets.

Yet now Mr. Fraser is the *bearer of good tidings*. The inflation rate in the first quarter of the year at 1.3 per cent. showed the lowest increase since he came to power. The pressure on industry costs seems to be coming under control.

The result has been a revival of confidence. It has been seen on the stock markets, where Sydney and Melbourne investors have been out buying again, prompting an increase in London interest. *It* has been seen in the industry itself, not, *it is true, in base metals, but in* the coal, aluminium, iron ore and steel areas.

MIM Holdings announced this week *the first stage of* a large expansion programme for its Collinsville Coal operation. As a start, $A10m. (£6.2m.) will be spent so that export capacity will be 200,000 tonnes of high quality coking coal by July 1979. *Ultimately the company* hopes to be able to export 1.5m. tonnes a year. *At present* production is running at 850,000 tonnes for domestic use.

Comalco, part of the Rio Tinto-Zinc group, is preparing to spend $A56m. (£34.7m.) building up its stake in Queensland Alumina to *30.3* per cent. from 13.8 per cent. This will be *done in part* by buying the Conzinc Riotinto of Australia stake of 12.5 per cent.

CRA is the main RTZ vehicle in the region and it is considering a joint venture with the Korf group of West Germany to build a $A100m. ministeel mill in addition to proposals already on the *table for an integrated* iron and steel industry for Western Australia, *through the* medium of Hamersley, the Pilbara *iron* ore producer.

Expansion is therefore being planned in spite of the depressed markets for many of Australia's raw materials, the latest evidence for which came from the Cliffs Robe River iron ore venture, also in Western Australia. Coarse output in the first quarter was just 2m. *tonnes* compared with 3.7m. tonnes in the same period of *1977*.

But all this is not to suggest that the Australian *industry* has moved into a state of euphoric optimism. Mr. Rod Carnegie, the CRA chairman, told share*holders* at the annual meeting that federal and state action in recent years had made the mining laws inconsistent, leading to uncertainty and low investment. The group therefore welcomed a statement from Mr. Fraser that the Government was urgently studying all matters which *might inhibit* foreign investment.

Syntec Economic Services, a Melbourne consultancy, has commented the unless foreign investment capital flows into Australia, the economy will be *in trouble*.

CRA itself has been a victim *of the uncertainty. Its plans* with Howard Smith to mount a joint takeover of Coal and Allied Industries, the holders of a major coal deposit at Warkworth, have been checked by the withdrawal of Howard Smith, which felt that the New South Wales Government was opposed to the bid.

And there are other problems for CRA. Mr. Carnegie predicted that earnings this year would be *substantially lower because of* market conditions. Growth in demand remains slow, stocks are excessive, prices are sluggish and the weakness of the U.S. dollar has made exchange rates unfavourable.

This situation was *summed up* by Dr. Charles Fogarty, the *chairman* of Texasgulf, the U.S. and Canadian metals producer. "The length of the current down cycle for basic resources is especially surprising in the light of historic rates of growth in demand," he said in Houston.

Against this background, MIM has been holding up well. After the first three quarters of the year to next June, net earnings were $A39.6m. (£24.5m.), compared with $A35.1m. in the same period of 1976-77.

While there was a capital gain of $A7.27 on the sale of *investments, thus pulling the* group's working figures down *on the comparable period, the* 1976-77 results were themselves unusually high, nearly double those of the previous year.

At the operational level higher lead and silver sales offset lower revenue from copper and zinc. Restrictions on lead smelter activity led to the sale *of the metal in concentrate* form, as well as the normal out*put. But when MIM considers* the immediate future, it joins in the industry's chorus of woe.

"While the short term outlook for lead and silver appears satisfactory, high stocks and excess capacity in relation to demand remain a depressing influence on copper and zinc prices," *MIM stated*.

Finally, a word about gold. The bullion *price this week has* stabilised again after the reaction which greeted the decision of the U.S. and Indian Governments to make official sales. The price yesterday closed at $172.875 an ounce, for a net gain on the week of $2.25.

The average price of $170.40 realised at the International Monetary Fund auction indi*cated the underlying firmness* of demand, while news that the Indian Government would establish a gold import plan, which could involve purchases of 5m. ounces, strengthened market sentiment.

Gold shares, however, have moved narrowly and the Gold Mines Index yesterday was 141.9 compared with 147.7 a week before.

On Wednesday more than 400 tin miners from Wheal Jane in Cornwall lobbied Ministers and MPs at Westminster, hoping that the Government would persuade Consolidated Gold Fields, the owners, to keep the mine open.

FINANCE AND THE FAMILY

Trust set up for children

BY OUR LEGAL STAFF

By her will my mother left £2.000 to each of my three (minor) children to be held by me as one of the executors until they become 25 years old. I propose to put the money along with my own funds in various forms of investment. Could you tell me if there is any advantage in setting up a trust to hold the investments and whether there are any tax advantages?

For reasons of tax and trust law it is most important that the children's trust funds and investments be kept absolutely separate from your own. There must be no mingling. It is not a question of whether "there is any advantage in setting up a trust" a trust already exists—it was created by your mother's will and you are bound by its terms. On the conclusion of the administration period, you and your co-executor will assume the status of trustees, and indeed there may be a period during which you have dual status.

We should draw your particular attention to sections 31 and 32 of the Trustee Act 1925 and to sections 16, 17 and 18 of the Finance Act 1973 (as amended) On the question of the transition from executorship to trusteeship, you should bear in mind subsection 6 of section 16 of the Finance Act 1973:

" . . . where personal representatives, on or before the completion of the administration of the estate, pay to trustees any sum representing income which, if personal representatives were trustees within the meaning of this section, would be income to which this section applies, that sum shall be deemed to be paid to the trustees as income and to have borne income tax (at the basic rate)."

It is at the point of transition, therefore, that the additional 15 per cent. tax liability arises under section 16, bringing the children's effective tax burden up to 49 per cent. flat-rate.

If you and your co-executor hope to avoid the expense of professional guidance, you will clearly have to spend an hour or so in a public reference library, checking up on trust and tax law. The British Tax Encyclopedia may be particularly convenient as a starting point, for it contains the amended text of sections 31 and 32 of the Trustee Act 1925, with explanatory notes, as well as the tax legislation: you will readily spot its light blue volumes (five looseleaf and three bound, with supplements) on library shelves.

Trespassing Animals

Referring to your reply under Trespassing Animals (April 8) my livestock through straying onto the public highway from an open gate in the paddock, have then entered and damaged neighbouring gardens and I have been held responsible. Could you please explain?

Since you would not be responsible for cattle trespassing onto land from the highway (Animals Act 1971, Section 5(5)) the loss would lie where it falls, namely on the owner of the land onto which the cattle stray—if any damage is in fact suffered. But this exception from liability only applies where the presence of the cattle on the highway was a lawful use of the highway.

Transfer tax on a house

My father left me his house in his will. Am I, or is the estate, liable for capital transfer tax on it? Does it matter whether the land is freehold or leasehold?

If the will makes no specific provision in the devise to you (for example "free of all taxes") the devisee would bear any capital transfer tax attributable to the subject of the devise. The old technical distinction between freehold and leasehold has no significance here.

Tenants and repairs

I am one of three girls occupying a flat at £75 a month rent, one of us having signed the lease. The agent wants a rent increase to £100, or £90 on condition that we have the flat redecorated and a new kitchen floor installed. What please is our legal position?

If the rateable value of the flat is low enough (£750 or less) you are most probably able to invoke the protection of the Rent Act 1977. The contractual lessee is a protected tenant and the landlord is not entitled to raise the rent above the lower of (a) the contractual rent as provided in the lease; (b) the fair rent if you apply to have such a rent registered. As to this consult the local Rent Officer.

You should in no circumstances agree to do repairs unless your lease specifically requires these to be done by the tenant. Even then, in a lease for less than seven years there are many repairs which the landlord cannot contract out of. You would be wise to obtain advice before concluding any agreement with your landlord.

Location of assets

My mother is domiciled in South Africa. Would her Royal Dutch shares bought on the London Stock Exchange and paid with funds from her external London account be treated as part of her U.K. assets for capital transfer tax purposes if the certificate is left in her London bank?

The situation of the asset in question is the country where the share register is kept, not where the certificate is located. There would thus be no advantage in transferring the certificate abroad.

No claim to a house

I am not yet divorced and my current girl friend spends roughly half her time in the house in which I live and I own and a half elsewhere. Do you consider that under these circumstances a claim on the house by her could arise?

If the parties are not married and no promise of a proprietory interest is made, a claim on the part of a person merely residing in your property and not spending money or using her labour on the property cannot arise.

A power of attorney

I am concerned about the affairs of an old cousin who is becoming senile and confused and it seems to me it would be desirable to obtain a power of attorney to deal with them. Would I necessarily have to get this by application to a solicitor, or can I do the job myself?

You can use the form set out in the First Schedule to the Powers of Attorney Act 1971, namely: THIS GENERAL POWER OF ATTORNEY is made the day of 1978 by (insert your cousin's full names) of (address)

I APPOINT A.B. (your name) of XY (your address) to be my Attorney in accordance with Section 10 of the Powers of Attorney Act, 1971

IN WITNESS WHEREOF I have set my hand and seal to this Deed on the day and year above written.

SIGNED SEALED AND DELIVERED by the said (cousin) in the presence of

(Witness) (Signature)

Defective water supply

For the past two years the water pressure in my flat, which is one of five in a converted house, has become so bad that at times there is none at all. I pay water rates to the landlord, in addition to the rent. Have I any legal claim either against him or the Water Board?

You can probably make a claim against your landlord under Section 32 of the Housing Act 1961 if you do not have a lease for a term of seven years or more and if you can show that the defect lies in the installations in the house and not in the supply to the house. You would have no remedy against the water undertaker.

Capital gains base rate

(a) What base rate is used to calculate capital gains tax on British securities bought by me as a non-resident and sold after I resume residence in the U.K.? (b) On my return to the U.K. to live would I be permitted to leave money behind in an overseas account to guarantee a loan to a third party?

(a) The base rate is the price at which you bought the securities in terms of sterling at the time you bought them.

(b) We think an application to the Exchange Control authorities to leave funds abroad would be likely to succeed in the circumstances indicated by you.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The high cost of crime

INSURANCE

JOHN PHILIP

EVERY SIX months the British Insurance Association collates and publishes information about the amount of crime loss payments its members have made under property policies. At this time of the year the BIA's review always covers the previous calendar year, and the BIA estimates for 1977 have just come to hand.

These estimates deal only with the company market and do not include payments made by Lloyds underwriters: they are subject to the further limitation that they do not include theft losses of or from motor vehicles or commercial losses insured under marine policies.

There are two broad divisions of the BIA's figures—commercial and domestic. Under this latter heading are included claims incurred under household and "all risks" insurances, under the former, claims incurred under policies on commercial and industrial premises, under money and under goods in transit policies.

The company market's 1977 payout under these various headings is reckoned to have amounted to £64.2m., including £30.3m. under household policies and £9.6m. under "all risks" policies, so that a total of £39.9m. is attributable to the domestic sector, and only £24.3m. to the three commercial categories.

On the basis of these figures the BIA says that theft losses from private homes have increased by over 200 per cent. in the past four years, which taking into account the 100 per cent. monetary inflation in the same period leaves the real increase at around 100 per cent. Domestically the community is sustaining more crime losses and losing more property when thefts and burglaries occur.

Last year the police statistics for England and Wales showed that in 1976 there were over 230,0000 household break-ins reported to the police: there must have been many more not so reported. It is reckoned that there are some 20,000,000 "housing units" in England and Wales ranging from the large owner-occupied house to one-room bedsitters: so the individual odds against any one of us having a burglary may be said to be relatively long—100-1—but because crime is primarily urban and suburban the odds are in fact somewhat shorter for those of us who live in and around the big cities. We must expect that when the 1977 police statistics are published later this year they will show a further worsening of the situation—particularly as in 1976 the depleted police force was able to "clear up" only 34 per cent. of domestic burglaries.

Most of us enjoy household insurance cover on the contents of our homes by paying premium in the 20-25p per cent. bracket—this rating bracket has been long established and dates from pre-war days when not only was claims experience very different but policy cover was very much more restricted than it is now.

Some of the new household contracts introduced in the past two or three years have—of course been priced very differently, with insurers relating premium much more to the scope of the cover afforded and to both current and developing claims trends. Because of the price differential of these contracts when contrasted with the old established lines, they have not always sold as well as their sponsors hoped: the evidence is that by and large most people seem to buy household insurance by price rather than by cover and clearly prefer to stick to their old and now under-priced policies.

Claims cost pressure has long been building up on all insurers transacting household business to alter their standard ratings for contents business — indeed it is surprising that pressure has so long been contained. But alteration to standard rating is not the only solution.

A couple of years back the then BIA chairman suggested that insurers might have to consider imposing either a general excess on all aspects of household contents cover or a particular excess on theft claims. If the suggestion was valid then, how much more is it valid now? And how many insurers have thought and are thinking more deeply about the suggestion?

Compare motor insurance. Many motorists insure their cars not against all accidental damage but with an excess, which in to-day's monetary terms is usually at a minimum of £25 and may rise to as much as £100 or more: those who voluntarily bear such excesses count it preferable to pay less premium and take some of the risk themselves. The risk of damage to one's motor car is still much higher than the risk of sustaining a loss in the home, whether by fire, crime, or otherwise, so logically the motorist who bears a motor excess should be prepared to bear a household contents excess at least of similar order, to avoid having to pay premium at an increased rate.

Obviously most householders want to have their cake and eat it, to continue enjoying the full benefit of current cover without excess and to go on paying premium at current rates. Assuming that this will not be possible for very much longer and that insurers do offer the public a choice, more premium or an excess—which would you, prefer?

Will you accompany me?

TAXATION

DAVID WAINMAN

"AT WHAT POINT would I pay less tax if I turned myself into a company?" £17.953 per annum is not the answer. Or rather it is a perfectly correct answer, but the question is wrong. We will demonstrate in a moment why the question is misguided, but first let us examine the answer. Many people find the figure surprisingly high, but its proof is as follows:

	£
Income as an individual	17,953
Less married allowance and allowance for two children under 11 ...	1,735
	16,218

£	Liable at %	Equals tax of £
First 750	25	187
Next 6,250	34	2,125
1,000	40	400
1,000	45	450
1,000	50	500
1,500	55	825
1,500	60	900
2,000	65	1,300
1,218	70	853
16,218		7,540

Income of a company	£17,953
Liable at small companies' rate of 42% = tax of	£7,540

But the question was wrong. First it elicited simply a factual answer. If you ask where are the prettiest girls in England to be found, it may be interesting to be told that they are in Nottingham: it may indeed be true, but it will be unhelpful. The better question is one which produces a usable answer. "Would I be more likely to achieve, in Nottingham, the blissful estate (taxwise) of a married man with two children under eleven?"

The second shortcoming to the question (the original question, about tax) is that the objective answer it produces is actively misleading. Incorporating yourself is not the correct course to adopt when your income reaches £17,953.

Determining when that is the correct course to adopt is a considerably more difficult problem. The solution, if there is any such, is probably to be found along the following lines. Assume first that our taxpayer's income is £9,735. His tax liability on this figure is:

	£
£1,735 free	—
750 at 25% = tax of	187
6,250 at 34% = tax of	2,125
1,000 at 40% = tax of	400
£9,735	£2,712

If he had his own company, and made profits of £10,000, he could draw £9,735 of them as salary. His marginal rate of tax would be 40 per cent.

If he drew a further £1, his marginal rate would become 45 per cent. If he left this £1 in the company, tax would only claim 42 per cent. of it. But £1 left in a company does not pay the grocer's bills. In order to do that, either it has to be taken out in a later year as salary or dividend, or the company itself must be turned into cash by sale of its shares.

So we have to make a further assumption about the increase in the worth of the company arising from that extra £1 inside it. It may well be invalid, but the only possible hypothesis is an increase of £1 for every £1 retained.

Let us take our assumptions a stage further by taking an increased profit level. Assume:—

	£
Company's total profits	11,460
less drawn as salary	9,735
Company's pre-tax	1,725
Tax at 42%	725
Company's retention	£1,000

A capital gain of £1,000 on sale of the company's shares is free of tax, and this is the postulated increase in their value. The marginal rate of tax on the top £1,725 of profit generated by the taxpayer's endeavours is therefore 42 per cent.

Taking the example further, the next £2,000 of profit should be drawn out as extra salary. Half of it would be taxed at 45 per cent. and the remainder at 50 per cent. Then, the next £6,900 should be left in the company:

	£
Company's new total profits	20,360
Less drawn as salary...	11,735
Company's pre-tax	8,625
Tax at 42 per cent. ...	3,625
Company's retention	£5,000

If we assume a pound for pound gain in capital value, since £4,000 of such a gain is taxable at 15 per cent. the liability would be £600. The company has paid £2,900 on its £6,900 increase in taxable profit, and the individual £600 on his capital gain. The aggregate of these works out at a marginal rate of 50.7 per cent.

Thereafter, if profits increase, another £3,000 should be drawn as salary to use up the 55 per cent. and 60 per cent. rate bands. We are undoubtedly by now pushing our hypotheses to their breaking points, but there is then in theory a very broad retention band for the company of £41,375. We have earlier assumed that the company's taxable profits were £8,625, and this further sum takes it to the point at which the 42 per cent. "small companies" corporation tax rate ceases to operate. The aggregate of corporate and individual taxes on this £41,375 works out at 61.5 per cent. (The capital gains tax is 30 per cent. of the whole gain, because the relief for small gains no longer apply.)

We have so far accounted for total profits of £64,735:

	£
Drawn as salary	14,735
Retained in company	50,000
Net increase in value of company £29,000	
	£64,735
Costing in tax	5,387
	21,000
	8,700
	£35,087

Nearly £30,000 of spending power is a reasonable reward for endeavour, but we have reached the levels where the company may now be asked to justify its need to retain profits. To the extent that it cannot, a further salary payment or a dividend may be called for. That is a wholly different question again.

The decorative arts

FT/SOTHEBY

ART MARKET REVIEW

IN THREE somewhat frenetic days — April 19, 20 and 21 — Sotheby's Belgravia sold just over 1,350 lots of furniture, textiles, ceramics, metalwork, jewellery, glass and graphics made in the period between approximately 1870 and 1940. These dates bracket several important movements in art, of which the most significant from the point of view of these sales were the aesthetic movement, *Art Nouveau* and *Art Deco*.

There were a number of lessons to be learned from these sales. First, the decorative arts of these periods represent some of the fastest moving areas of the contemporary art market. Second, the market is now truly international (the Japanese, for instance, represent the mainstay of the market in 19th-century English stained glass). Third, despite the extraordinary rise in prices over the past year to 18 months, the market is now large enough and rich enough to absorb the quantities which Sotheby's have offered recently.

The rise in value spreads across the board, from a set of three tapestries designed by Burne-Jones at just over £100,000 (one of which failed to sell at Sotheby's for under £200 20 years ago) to 20th-century pots by Bernard Leach at between £1,500 and £2,000 (again a strong Japanese market), to an attractive but unattributed French *Art Nouveau* pendant jewel at just under £8,000, to industrially made Lalique glass of the 1920s at between £1,500 and £5,000 for good pieces, to a bronze lamp in the form of the dancer Lolie Fuller by the sculptor Raoul Larche at £8,800.

This last-named piece is one of the most famous and often reproduced examples of the curvilinear, "whiplash" style of French *Art Nouveau*. Examples are not particularly rare, although there appears to be something of a famine of late. However, the price of £8,800 can be placed in some perspective by quoting from the *Financial Times-Sotheby Art Market Review* of September 21, 1970:—

"In 1966, during the initial boom period, these lamps fetched £380 to £480: the following year, their value halved, but during the past year several examples sold in Paris, London and Copenhagen have fetched between £560 and £600."

Reading through that 1970 article to-day, it can be seen that in those days, £6,667 for a Tiffany "Wisteria" lamp was considered an extraordinary price. The "Wisteria" lamp, of course, is considered one of Tiffany's masterpieces: yet in the Sotheby's Belgravia sale last week, an attractive Tiffany lamp of chequered glass, a piece of no outstanding merit, realised £7,700, a price almost double the top estimate. As for the current value of a "Wisteria" lamp, five years after the above quoted article was written, an example made $44,000 at Sotheby Parke Bernet in New York, a price equal at to-day's rate of exchange to just over £24,000.

By the middle of last year the value of Art Nouveau had altered out of all recognition from that apparently booming and expensive market of 1970. Last year saw Sotheby's Belgravia sell a 9½ inch glass vase by Emil Gallé, with applied and carved decoration, for £22,000 and a gold and enamel pendant jewel (or *parure de Corsage*) by Georges Foucquet after a design by Alphone Mucha realised £26,190 at a Sotheby sale in Monte Carlo. However, even over the last two years, there seems to be an extraordinary gap in prices, well illustrated by two pieces of Lalique glass.

In the small and interesting collection of Art Deco objects formed by Martin Battersby, a well-known authority on the period, and sold by Sotheby's Belgravia on April 21, the two most important lots of Lalique were a moulded glass lamp called *L'Oiseau de Feu* and a glass clock called *Le Jour et La Nuit*: these fetched £4,180 and £4,840 respectively, the prices in both instances being not far short of double the top estimates. Identical examples were sold by Christie's in 1976: in July of that year, an example of *L'Oiseau de Feu* fetched £2,420 and the previous April, a *Le Jour et La Nuit made* £2,090. Then in July of last year, Christie's sold yet another example of *L'Oiseau de Feu*, this one for £3,060. On the evidence of the latest sale, it seems as if the value of good Lalique glass of the 1920s, none of which, one should point out, is particularly rare, has more than doubled since 1975-76, and in many cases has trebled or even quadrupled.

French *Art Nouveau* and *Art Deco*, however, are, and always have been, considered the most fashionable and generally desirable areas of the market, and therefore, if anything was going to increase dramatically in price, one would have expected them to have done so to a more marked extent than anything else. However, the extraordinary rises in value are not confined to them alone. English 19th- and 20th-century art pottery and studio ceramics, which were well represented in the Sotheby marathon, also proved quite remarkably expensive, as, with one or two exceptions, they had done at Christie's the previous week.

Among the exceptions, Ruskin pottery showed a remarkable increase in price between 1970 and 1975, top pieces rising in value during that period from around £40 to over £500. However, values have fallen back of late: both Christie's and Sotheby's Belgravia sold very fine examples last week for between £200 and £400, a noticeable drop on the 1974-75 levels.

Prices are not as low as they were last year or the year before, and it is interesting to note that French, German and American collectors are now beginning to buy Ruskin. It is arguable that this factory, which existed from 1898 to 1935, produced some of the finest high-temperature transmutation glazed stoneware ever made in Europe, and it seems likely that, after a year or two's lull, prices will begin to rise again steadily.

The most remarkable prices however, were paid in four specific areas—Martin Brothers, Doulton salt-glazed stoneware, Moorcroft and Bernard Leach. With the exception of Moorcroft, which still remains a predominantly English market, the levels of prices in the other three aras were created by strong overseas interest. American and Canadian fo Martin and Doulton, Japanese for Leach.

YOUR SAVINGS AND INVESTMENTS

Old Lady beats a retreat

THERE WERE a few raised eyebrows in the City yesterday, following the rise in minimum lending rate. Not, as you might *think*, because the rise was as large as it was — a full 1¼ percentage points to 8¾ per cent.: but because it was not larger. For quite a few people have been working on the assumption that it would go to nine.

As it is, things are bad *enough for those of us who are* borrowing money: but what of those who still have it to lend? Is this the moment to place it in the market, in the belief that rates are set to go one way only —downwards? Or should you hold off in the belief that the Bank of England will be unable to resist the pressure for the extra quarter point — or maybe even more?

It all depends on what the pressures are on sterling. As the reserve figures which were published this week demonstrated, they have been serious: and if the trade figures due out a week on Monday are anything less than encouraging, the probability is that they will become more serious still. Under those circumstances interest rates will rise again. That is the conclusion to be drawn from the retreat beaten by the Old Lady of Threadneedle Street this week.

The whole business has been somewhat complicated by the *resurgence* of interest in New York. Time was when London *offered the international investor* the best of the opportunities around; economic prospects looked rosy, interest rates were relatively high, and all the alternatives looked dreary, at best. That's no longer the case: there are other homes now for international money. And unless it can be demonstrated that the British economic revival is something more than a flash in the pan, that's the way the hot money will go. So the next set of trade figures will be important.

Under these circumstances anyone with money to put on to long term deposit would probably do well not to be too hasty in tucking it away. If opinion in the money markets swings next week, *and rates start to* decline again, he (or she) might *miss out on the best of the* bargains going. But the risks that way don't look as great as the risks the other.

Institution/Fund	Currency	Listing	Valuation	Minimum purchase on issue	Initial charge %	Annual charge %	Asset growth over 1 year	Asset growth over 5 years
Barclays Unicorn International (Isle of Man)								
Australian External	£	—	Weekly	200 units	5	⅝	− 7.7	− 5.5
Australian Mineral	£	—	Twice Weekly	200 units	5	⅝	−2	26
Greater Pacific	£	—	Weekly	200 units	5	⅝	− 3.4	− 4
International Income	£	—	Weekly	200 units	5	½	18.5	27.8
Isle of Man Trust	£	—	Weekly	200 units	5	½	—	—
Manx Mutual	£	—	Weekly	200 units	5	½	1.2	−48
Barclays Unicorn International (Channel Islands)								
Overseas Income	£	—	Weekly	500 units	5*	1	4.1	67.3
Unidollar Trust	$U.S.	—	Weekly	100 shares	5*	1	− 4	NA
Unibond Trust	$U.S.	—	Weekly	50 shares	†	1	NA	NA

* Reductions for large amount. † Charge added to flat price.

Investing offshore with a clearing bank

IF THERE is one name calculated to inspire confidence in *the far-flung expatriate it must* be, surely, that of Barclays Bank, *familiar from the High* Street branches at home and—for those expatriates with memories long enough—from Barclays DCO, that *pillar of* colonial society. Barclays DCO *has gone, but the bank is doing* its best to retain its influence *in the far corners of the world* with wholesale banking through Barclays Bank International for the locals, and a clutch of offshore funds for the expatriates.

As the table indicates, few of those with any claim to longevity can likewise lay claim to an outstanding performance —Barclays Unicorn Overseas Income being the shining exception to that rule. There are, however, reasons for the poor showing, in particular, of the Isle of Man funds: they only came under their present management four years ago. And performance of Manx Mutual in particular—an equity fund with a *heavy investment* overseas—has been dogged by *previous misfortunes* with back to back loans and an unfavourable movement in exchange rates.

Of the bank's offshore funds, the portfolios of both the Isle of Man Trust and the International Income trust contain a proportion of gilts—which is reflected in the level of their yield — while the Channel Islands *Overseas Income fund* is entirely invested in gilts and cash, and the brand new Unibond (to invest in Eurodollar issues) is 75 per cent. liquid.

Obviously the two dollar denominated funds are only available for investment by those who have established residence abroad, not merely for the purposes of tax, but *also for* those of foreign exchange.

In the case of both the Channel Islands funds, and those based in the Isle of Man, it is possible to have income reinvested—in fact in the case of Greater Pacific you can't get income out if you want to, since it is an accumulation fund. In each case, too, having made the minimum initial purchase, it is possible to put smaller amounts *of money in on a regular basis.*

Making a choice of life company

ASSURANCE

ERIC SHORT

THE BONUS DECLARATION season is over for another year, and investors in general have reason to be satisfied with the *outcome. Several of the life* companies have raised their *rates of reversionary bonus* (the main part of the bonus system), some of them quite substantially. A significant minority of companies have kept their rates unchanged, but many of these companies made significant increases for 1976. What has been noticeable this time round, however, has been the virtual absence of increases in terminal bonus rates despite the strong stock market recovery last year.

The magazine *Money Management* has with commendable speed produced in its May issue its annual survey of perform*ance for with-profit contracts.* The table above, taken from the *magazine*, shows the life companies with policies maturing this month which have produced the best performance. There are some interesting observations to be drawn.

The first is that, with the exception of *Sun Alliance* in the 25 year table, all the top places are occupied by mutual companies which have no shareholders. Where shareholders are involved a part of the profits on life funds has to go to them, and this gives the mutual companies an edge, since all profits *belong to policyholders.*

The second is that, while one *company stands out at the top* in each case, thereafter the difference in returns among the top companies is fairly marginal. And different companies are prominent over different terms.

But one should not choose a life company solely on past performance. It is what happens in the future that matters. Life companies have become much more conscious of competition in recent years—one effect of greater *publicity perhaps—and* they have been lifting bonus rates *as a consequence.* But it takes time before this is reflected in past results, since it is difficult to make up for lower rates of previous years.

So future projections on current bonus rates should be *used as a guide, and the magazine* also shows these figures. But the advent of terminal bonuses has confused the picture somewhat. Some companies will not use terminal bonuses in quotations, and with some companies the ultimate terminal bonus can be a significant proportion of the total value. So comparison of projections *can be extremely misleading.*

But with careful analysis, the tables can be used to pick out the sheep from the goats: to find *which* companies are pursuing an active bonus declaration policy. You need back copies of Money Management for several years, and a couple of hours to spare.

First look at past performance and pick out those companies which consistently appear in the tables. Then pick out those which have moved steadily up the table with time, and are now getting near the top. Now look at the tables on projected results and repeat the exercise. *This is more difficult* because of terminal bonuses. But *in choosing a life company, you* should rely primarily on the guaranteed sum assured and reversionary bonus element, and regard the terminal bonus, quite literally, as a bonus.

This should leave you with a list of about 10 companies from which to make your ultimate choice. Then you need sentiment, further investigation—or *a pin.*

RETURN ON £10 A MONTH INVESTMENT, INVESTOR AGED 39 AT OUTSET

10 years: Company	Value £	15 years: Company	Value £	25 years: Company	Value £
Equitable Life	1,904	Clerical, Med. and Gen.	3,524	Clerical, Med. and Gen.	7,819
London Life	1,826	Equitable Life	3,300	Standard Life	7,783
Friends Provident	1,734	London Life	3,217	Norwich Union	7,594
U.K. Provident	1,734	Standard Life	3,122	Sun Alliance	7,465
Irish Life	1,723	Ecclesiastical Life	3,112	Scottish Widows	7,376
Clerical, Med. and Gen.	1,718	Friends Provident	3,110	Equitable Life	7,324

Source: Money Management.

Background to a British institution

FEW ORGANISATIONS in the *investment* world can outface M and G. It is not just that a large proportion of the funds under the group's *investment* management perform consistently *well*—though they do, as many of M and G's unit holders *have cause to know.* It is the *air of solid rectitude as well:* the quiet aspirations to moral leadership. It comes, then, as something of a shock to discover that in its origins M and G was—well—quite *colourful.*

Municipal and General Securities was in fact formed in the early 1900s to outmanoeuvre the Finance Minister of a defaulting South American republic. The man *said the revolution* had left his country too poor to meet its debts: so some of *his civil engi*neering creditors floated Muni*cipal and General to provide* him with the wherewithal.

From such goings-on—strange to our lily-livered *later 20th*-century sensibilities — M and G was most emphatically redeemed by the arrival, in the early 1930s, of Ian Fairbairn, athlete, graduate of LSE, idealist, chamois hunter and "Uncle Ian" to present marketing director John Fairbairn. Uncle Ian was evidently several sizes larger than life. He has been ten years in *his* grave: but only now is M and G challenging some of his precepts: his ban, for instance, on the payment of *marketing allowances to financial intermediaries.*

He was, says John Fairbairn, "somewhat austere," and M and G's *management sat at his feet* —more or less literally, when they came together to mull over investment strategy and tactics *in the big City offices that look* out onto the Thames. He presided over the expansion of M and G—not its first steps into the unit trust business, which had been made in the early 1930s, in the aftermath of the Great Crash, with the formation of the First British Fixed Trust, but over the development of the managed fund idea, intro*duction of the first (£10 a year* maximum) savings plan, expan*sion into pension fund manage*ment and the first steps into unit-linked life assurance.

Ian Fairbairn also gave his *wife's name to the charitable* foundation which now owns almost 40 per cent. of M and G's shares (a similar proportion is owned by merchant bankers Kleinwort Benson), and which, *inter alia*, now funds the Esmee Fairbairn chairs established for the *spread of economic and* financial knowledge at various British universities. M and G itself may now be making its own terms with the more rigid of the precepts of Uncle Ian, but his influence lives on.

Motor bonus

ALL OF US motorists have become used to paying more each year to insure our cars. But it is possible to shop around the motor insurers to find a rate that is cheaper. And the evidence is that so many motorists are doing this that the insurance companies are sufficiently perturbed to take some sort of action.

Certainly the rises that have been announced so far this year have been far less than anticipated by leading analysts specialising in this field. Now one leading insurer, the Co-operative Insurance Society, has announced a bonus scheme that is good news for two-thirds of its 700,000 policyholders.

Motor insurers fix their rates taking into account the anticipated number of claims and the expected increase in their cost of claims. The latter depends on several interacting factors, the cost of spares and new cars, the cost of labour and the size of *settlements* made by the courts. The underwriter has to anticipate the way inflation will affect these costs and allow for it in his calculations. When inflation was rising rapidly in 1974 and 1975, underwriters *consistently underestimated the* inflation factor, with the result that rate increases twice a year were quite common.

The more prudent underwriters allowed for a high rate of inflation and as a result saw their competetive position progressively undermined because *they charged more.* But now that inflation has fallen considerably, their motor accounts are producing underwriting profits. The 1977 motor underwriting results have been patchy, with some companies running considerable losses while others have shown healthy profits. One reason is the size of previous rate increases.

Most insurers have given such profits to shareholders, as some compensation for previous losses. But the CIS, with a profit of £3.5m. last year, has no shareholders, so it has decided *to give some of that profit back* to the motorist. The bonus will take the form of a 5½ per cent. reduction on the next premium for motorists who have been at least three years with the Society. This cuts the rate increase to about 2 per cent. — a level unheard of in recent years.

Not only does this method encourage motorists to stay with the CIS, but it rewards the loyalty of those who remained with the Society at the time when rates were rising rapidly. It also gives the underwriters more freedom to be cautious in their rating, since any excess profits will go back to the motorist. Other insurers may follow this lead.

An amateur's guide to investment

IT HAS been said for so long now that the Stock Exchange *and the small investor are bad* news for one another, that it *has very nearly passed into* accepted wisdom. But not everyone believes it. Stockbrokers Grievson Grant do not. On the contrary, as far as they are concerned the private investor is very good news indeed. And to emphasise the point they have just produced a booklet aimed directly at the species: "Stock Exchange Investment for You."*

Much of the leaflet concerns itself with basic answers to basic questions on the *fundamentals of investment* procedure ("What Stock Exchange investments can I buy?" "What about Unit Trusts?" "How do I sell?"). But it also tackles one or two questions of principle which are, perhaps, more basic still. Notably: "Why *should* I buy Stock Exchange investments?"

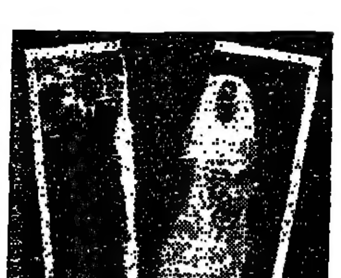
And the answers are very sensible: to obtain a return, to maintain the real value of your savings and wealth, but above all, because "the choice of investment is much wider than anywhere else. You can go for maximum safety or accept some risk. *And it is much easier to* suit your investments to your *personal* needs and your tax situation."

That is a point worth making. So too are the brokers' contentions that your investments can be as secure as you wish, and that they can be easily and quickly turned into cash: for nearly all investments quoted on The Stock Exchange, "there is always a price." Where perhaps they slip up a little is in discussing the cost of dealing. It' true that they go into the identifiable costs—stamp duty, commission, VAT and contract stamp—but they don't discuss the spread between the buying and selling costs of a share, which can add quite considerably to the costs of dealing.

**Stock Exchange Investment and You, available from The Private Client Department, Grieveson, Grant and Company, P.O. Box 191, 59 Gresham Street, London EC2P 2DS.*

YOUR SAVINGS AND INVESTMENTS 2

An end to matrimonial means



ALTHOUGH the emotional problems inherent in a divorce remain the same the technicalities at least have become less complicated in recent years. The idea of matrimonial offence, and the existence of a guilty party have all but disappeared, and to obtain a divorce it is now only necessary to show that a marriage has irretrievably broken down.

The most common way of showing this is where a couple have lived separately for at least two years and both agree to a divorce. Of course if the separation amounts to a desertion, then the deserted party can petition for divorce after two years, whether the other party agrees or not.

After five years' separation a divorce is usually granted despite the objections of the other party. To prevent it it will have to be shown either that a divorce would cause grave financial hardship, or that, having regard to all the circumstances of the marriage, it would be wrong for it to be dissolved. Hardship here relates not just to circumstances as they are at present, but also to the loss of future benefits such as pension rights.

Adultery as such is no longer a ground for divorce, but if the aggrieved partner claims that he finds it intolerable to live with his spouse after such an event this in itself can give rise to a petition on the grounds that the marriage has irretrievably broken down.

The final ground, covering a multitude of sins, is that the spouse has behaved in such a way that the petitioner cannot reasonably be expected to continue living with him (or her). This, of course, depends on all the circumstances in each case.

Normally a marriage has to have been in existence for three years before a divorce can be granted, but where there has been exceptional depravity, or hardship would be inflicted on the petitioner if he (or she) was made to wait, the court can be asked to reduce the limit. Judicial separation can, of course, be obtained at any time during the marriage. This will be done through a magistrates' court, which is empowered to make orders regarding maintenance and custody of the children whether or not divorce proceedings have been started. However, such an order for maintenance would be terminated on proof of adultery by the wife.

Application for interim maintenance is usually made at the same time as the petition. Such interim maintenance will often be converted into a permanent order after the divorce. However, where there is a dispute the matter will be decided in informal proceedings before the registrar, unless it is particularly complicated, in which case it will be heard before a High Court judge in chambers (with resulting heavy costs).

A spouse can state that she (or he) wishes to take part in proceedings and discussions about finances, children and so on, whether or not she wishes to defend the divorce. It is important to remember here that although a divorce will be less unpleasant and also quicker and cheaper where the behaviour of the parties is not disputed, the issue may be of importance after the divorce when financial arrangements are being made; previous allegations which were not denied cannot be refuted at this stage. However, it is only rarely that such behaviour will make an appreciable difference to the settlement, as the registrar will normally be more concerned with the needs of the parties rather than their marital conduct. His aim will be to put the two people concerned, and their children, in roughly the same financial position as they were before the divorce. Usually there is insufficient money to go round as it is difficult to maintain two households in the style to which one was accustomed. As a general rule, property acquired jointly is split equally, and the wife will be entitled to one-third of their joint incomes

DIVORCE

HELEN WHITFORD

less her own income. But in deciding each particular case regard is had to the income and earning capacities of both parties, together with their present and future resources. Also such things as the length of the marriage and contributions made by each party, including looking after the home and family will be considered. Lump sums can be awarded instead, or in addition to, periodical maintenance payments — which, it should be remembered, will automatically stop on a remarriage. Children will almost invariably be maintained, whether or not the wife is entitled to receive anything. It is usually advisable to ask for a nominal maintenance order for the wife or the children, even if there is no reason to receive more, as it will then be possible to ask the court to vary that order later if the circumstances of either party change.

Transfers of property between spouses should, as far as possible, be made before the decree absolute as up until this time they will be totally exempt from capital transfer tax. Later they will only receive such favourable treatment if they can be brought within another exemption, or if they qualify as dispositions for the maintenance of the family. As far as income-tax is concerned, the spouses will after the divorce be treated as single people. Voluntary payments out of income have no tax consequences. They are neither deductible by the husband nor declared by the wife. So they are not advisable, unless the husband lives abroad. Small maintenance payments under a court order (that is, those for less than £52 per month), are paid in full, and the wife is liable for the tax. Larger sums should be paid net of tax at the basic rate, and the wife can then reclaim the tax paid, if her income is sufficiently low or otherwise add the grossed up amount to her income for purposes of her own tax. The husband can then deduct the gross amount from his income, and so get tax relief at the higher rates.

It is often wise to give consideration to whom the maintenance payments are to be made. Thus to give enough directly to a child, so as to take advantage of his personal allowances, rather than to the already taxed parent for his maintenance, can result in a tax saving. Also by increasing the wife's maintenance where she owns at least part of the house, so that she is then responsible for that proportion of the mortgage, it is possible to release part of the tax-free £25,000 mortgage allowance for the husband to use on other property. In the same way, if the husband agrees to pay certain bills it is important that he should agree to give the wife the money to cover the payments, rather than pay them directly himself, as otherwise such payments would not be deductible.

If no children are involved and the case is undefended, divorce can be simple and cheap. The parties can often handle the paperwork themselves, and even an appearance at court will be unnecessary—divorce can be obtained by post. In other cases, however, especially where there are disputes over children or property, the costs can run into hundreds or even thousands of pounds. One ray of hope here for the impoverished spouse is that, for the purposes of cheap legal advice and for legal aid, the husband's and wife's finances will, where there are disputes between them, be assessed separately so that the fortunes of one will not prejudice the eligibility of the other for such assistance.

Growing rich in service

Mike Wilson

IT IS A TRUTH very widely acknowledged, that anyone who sincerely wants to become rich will have to start up in business on his (or her) own account; and it is equally true that anyone starting his (or her) own business from scratch will almost certainly be working in a service industry. Why? Because to get ahead in a service industry you don't need all that much money to start off with: hard work, some flair, more luck and a friendly bank manager provide an adequate initial capital base. This is why so many self-made men are in industries like catering (look at Sir Charles Forte), transport services (Freddie Laker) or insurance broking (Mark Weinberg).

Times change, however. Doubtless it's still possible to make a million or two in fast food or television: but service industries are becoming more sophisticated. Witness the story of Mike Wilson, who started up in business on his own with a capital of £74, and now operates out of the reconditioned splendour of offices in Regents Park (above), and is worth maybe £500,000.

Mike Wilson was one of the bright young men whom Ford took on in the heyday of the graduate trainee in the late 1950s. He ended up—or maybe one should say he started out—as Ford's youngest British manager ever (23)—in charge of marketing in the commercial vehicle division.

He then, to Fo rd's dismay, left to become an academic—a lecturer at the Institute of Marketing: and two years later, with a wife, a four-weeks-old baby, and a two-room rented flat in Swiss Cottage to support, and business worth £234 a month to rely on, he started out in business on his own.

He offered — by way, *inter alia*, of letters to some of the people he had taught at the IoM—to provide a consultancy service on marketing, to train staff in sales and marketing, and to organise sales conferences. And "the response in the first six months was such that I advertised. It was obviously impossible to manage on my own, though I thought I would potter along for a couple of years before taking anyone on."

He took on another former teacher, John Lidstone, in early 1965. "That was a big risk," he says now. "It represented the biggest ever proportionate increase in overheads: it grew easier to absorb new people as the business grew itself." And it did grow. By 1967 there were ten people employed in the business: now there are 65, ten of whom are based in Europe. The turnover has risen from £100,000 to £1m.-plus within the past eight years.

What Marketing Improvements Ltd. sets out to offer is a solution to problems. Two-thirds of the business now is consultancy—what you should sell, where you should sell it, what you need to do to revive a tired product range, how you should launch yourself into Europe. Most of the rest is training—arranging conferences for firms or even industries.

The assets of the business are, essentially, the expertise of the people it employs — including the people it employs to do its own management: the financial controls have always been very stringent. Mike Wilson and John Lidstone have in fact dele-

John Lidstone

gated all the administration, on the argument that they will be much more usefully employed in working on the business rather than its administration. "People come into consultancy because they like it," Mike Wilson says: "they like the contact with people, and they do not like pushing people around."

Success of course creates its own problems. The takeover approaches are not now as frequent as they once were, since MIL is one of the biggest in its own line of business, and if there is any taking over to be done, the company is likely to be doing it. In any case, since the company has always pursued a policy of paying no dividends, the owners — Mike Wilson, his wife and John Lidstone — would be left with a grotesque tax liability if anyone were to buy them out. So it looks as though they will be staying with the business they have developed so far. They reckon that there are still plenty of challenges to tackle — most notably the challenges overseas. Until the circumstances that is just as well

A lesson for London

THE VOLUME of transactions handled by the London traded options market continues to grow as more brokers and their clients dip their speculative toes into the latest addition to the equities market. This initial volume growth was a feature of the 28-month-old Sydney traded options market, though neither it nor other imitators have matched the fantastic growth recorded by the "big daddy" of them all, the Chicago Board Options Exchange.

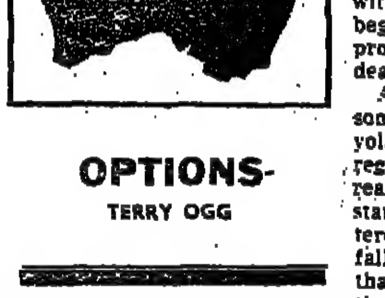
The Sydney market is now defying predictions that it will be forced to close. But it is still an ailing market despite the measures taken to keep interest alive among the market makers (registered traders as they are called down under), the stockbrokers and the clients. Because of its hesitant past and its uncertain future it makes an interesting case study for users of the London options market.

A loose collection of small and medium sized Sydney brokers were largely responsible for planning and pushing the establishment of the first options board beyond the shores of the American continent. Most were either involved in or had some contact with the nacent commodity futures market that was struggling to find its feet in Sydney. Being small, and relatively new firms, they had little institutional contact and their business came essentially from individuals. As the move to establish an options board grew, the bigger Sydney firms started to take an interest and bring their institutional clients along with them.

The design of the market closely follows the United States example and a member of the American Stock Exchange, Mr. Bob Reid, was employed as a consultant to advise partly on systems but predominantly on marketing the traded options scheme to brokers, their clients and to an ignorant but sceptical press. The system incorporates floor brokers, registered traders and a central clearing function.

One peculiarly Australian factor that must be taken into account is that the market began in the wake of the political (and to some extent economic) trauma surrounding the sacking of the Whitlam Government and the landslide victory of the conservative coalition led by Malcolm Fraser. The market in underlying shares was still adjusting to the change and there was a growing content of euphoria in share prices.

When this expectation was not realised there was some disenchantment with equities and also with the new options market. So the pattern tended to follow the underlying share market—initial growth followed by a plateau and then a decline.



OPTIONS

TERRY OGG

The Sydney Stock Exchange's annual accounts for 1976-77 show that the value of contracts traded reached a peak of $A7.6m. in August 1976 and hit a low of only $A673,000 in April 1977. Each Australian options contract is for 1,000 shares in the underlying stock and the figure reflects the value of the striking price plus the premium paid for the option. The average monthly value of options traded during 1976-77 was $A2.9m. In volume terms the monthly high was 21,500 contracts, the low was 6,000 and the average was 12,600. The current daily average is around 250 contracts, with exceptional peaks of 2,000 contracts.

When the market commenced there were six registered traders (market makers) operating and they had the responsibility of making markets in each of the series. Almost from the outset, however, they found difficulty in making returns commensurate with the risk, and the number began to dwindle. Part of the problem was the high cost of dealing.

Another problem was that some stocks tended to be more volatile than others and some registered traders made a reasonable living while others starved. The number of registered traders has, as a result, fallen to two. There are hints that a third might begin operations but he has yet to appear.

In July 1977 Woodside options were the most keenly sought after, with Western Mining and BHP options also traded. There was little or no interest in the remaining two stocks, Bougainville and CSR.

As interest waned in the last half of 1977 the Sydney Exchange initiated moves to revitalise activity including reducing overheads for registered traders. A further step was taken when two new stocks, Bank of New South Wales and Woolworths, were added to the list. There was some speculation about the introduction of traded put options, which would have enabled options traders to take advantage of the bearish tendencies in the market, but nothing materialised.

In November and December last year there was growing concern amongst the business and investment community that Gough Whitlam might lead the labour opposition to victory in the general election of 1977. As a result several interesting option deals were done, which were designed to enable investors to hedge their bets on a post-election market. But these were really exceptions to a rather dull period for options. With the coalition back in power and signs that inflation and interest rates were coming down, there was some renewed interest in equities. In particular, the market leader, BHP, started to move upwards. This interest in the underlying stock carried over into the options market, and BHP options became actively traded. But the interest seemed to be more in acquiring BHP shares than making gains from options trading as most BHP options were exercised at the end of March.

The pattern in Australia is that the large institutions are the writers of options and the buyers tend to be individuals. Options generally are held almost to the end, then sold out or exercised.

In summary the Sydney market suffers most from being relatively small and isolated. The education programme which accompanied the launch of the new market failed to cover the necessary audience and, apart from occasional visits by United States "experts," was not a continuing programme.

Teaching trustees

ONE VITAL duty of pension scheme trustees is to invest the contributions and other money received, to ensure that the benefits laid down under trust can be met. But few, if any, trustees are equipped to do this themselves, and they have to delegate the task to the professionals. One way of doing this is to invest in the units of exempt pension funds managed by life companies or other financial institutions.

The life companies often offer trustees a choice. Either the trustees delegate all investment decisions to the company by investing in a mixed fund. Or the life company manages the various funds—equity, property, fixed-interest or cash—and the trustees decide, with or without consultation with the company, on the mix of units.

This week, a pensions seminar was held by Provident Mutual Managed Pensions Fund, at which the company reported on its 1977 results and indicated its investment policy for the future. Although this company is small, with only £5m. under management, it felt that clients were entitled to get a complete picture of what is being done.

The presentation was impressive. To start with, the investment experts used straightforward language, so that the intelligent layman could understand their reports. There was a liberal use of graphs to emphasise performance, but no mass of detail. The company compared its performance not only with other funds, but against the Retail Price Index, even though this took some of the apparent gloss off its performance. And it was quite prepared to admit its mistakes.

A payout for annuitants

THERE WAS good news this week for investors with Capital Annuities, the life company which has applied for liquidation. They are to receive higher payments, within a few days, under the interim payment scheme operated by the Policyholders' Protection Board.

The Board announced on Thursday that annuity or guaranteed income payments are being lifted to 90 per cent. of the original level (from the present 70 per cent.) as from mid-May: and that as soon as possible thereafter, investors will receive a lump sum payment covering the 20 per cent. shortfall on payments already made under the scheme. As for those who hold policies under the homeowners scheme, negotiations are in progress for an insurance company to take over their contracts, on the original terms, so that they will incurr no loss in future.

The Board's original plan for rescuing the company has fallen through, and now the liquidation of Capital Annuities will proceed. But thanks to the interim scheme investors will not suffer because of this. They will receive the 90 per cent. of benefits guaranteed under the Policyholders' Protection Act. 1975. The change in plans will most likely mean higher administration costs, but those are spread over policyholders in all other companies as well. Already one levy on premium income has been made, but the Board has no immediate plans for another.

Holiday bargains are some of the best of shareholders' 'perks'. Adrienne Gleeson reviews them

Ferry fare bargains

FIRST OF the names that springs to mind when shareholders' "perks" are under discussion is, of course, European Ferries. "Of course" because the deal the company offers its shareholders is still very attractive indeed, even though the terms have been revised to deter those who abused the concession, and even though the share price has increased quite dramatically over the past couple of years.

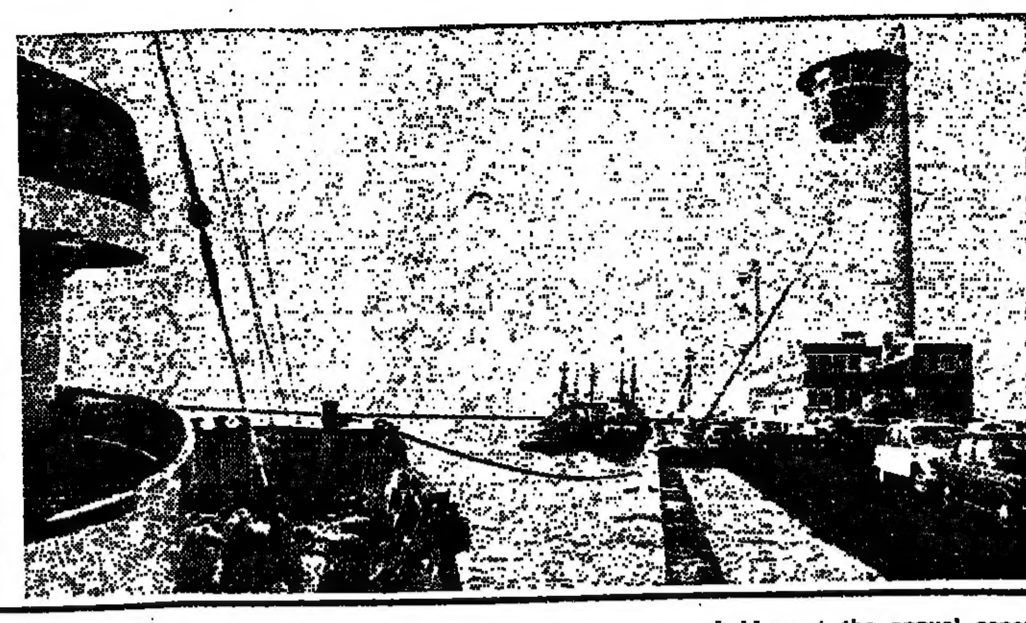
To qualify you need to hold 300 shares (worth just over £350 at the present price), and you need to have held them for at least a year. If you come into that category of shareholders, Euroferries will give you a 50 per cent. discount on journeys between Dover and Calais or Zeebrugge, or between Felixstowe and Zeebrugge, twice a year. The discount applies to return journeys for a car and four passengers, but only one of those journeys may be made during the period March 16 to October 8; the other must be made in the off-season. If you want to travel between Portsmouth and Le Havre (pictured right) or Southampton and Cherbourg, you can claim a discount of 40 per cent.

To give you some idea of the savings: a return journey for two adults and two children in the average family car, between Dover and Calais, would cost £84 in the high season, some £6.40 less at other times. So your concession could—assuming that you are in a position to make full use of it—save you £80 a year. It's worth having.

Wider horizons

EUROPEAN FERRIES has, however no monopoly in its claim to the attention of shareholders as the holiday season approaches. Horizon Midlands, the Birmingham-based tour group which has in recent years emerged in good order from the Court Line collapse, also has a scheme under which shareholders are entitled to concessionary rates on its inclusive holidays.

You need 500 shares to qualify, and at present prices they will cost you just over £500. Holding them will entitle you to a reduction of 7½ per cent. on brochure prices, on holidays to a value of £500, for you and members of your accompanying party, in any one year. Note that it is a reduction on brochure prices: if you've spent less than £500 on the holiday itself, but airport taxes, holiday insurance, car rental or whatever bumps the total up, you can't expect your 7½ per cent. reduction on the extras.



Note, too, that you have to send off your application for a concessionary holiday as soon as you have made your reservations: and that if you are leaving everything to the last minute you risk forfeiting it, since "applications within four weeks of the departure date cannot be considered." Note that you don't get any priority under the scheme: it's a matter of first come, first served, for you the shareholder as for everyone else. And note, finally, that you must have held your shares for at least one year before the date of your departure—so it's no use rushing off to place an order in the hope of benefiting this year.

Is it worth it anyway? The maximum to which you will benefit in any one year is £37.50.

Cleaning up on Sketchley

ASSUMING that you go in for the sort of clothes that need dry cleaning, and that you believe in having the job done professionally, then the perk which Sketchley offers its shareholders is one which you cannot afford to ignore. Go out and buy yourself 300 shares and you will shortly receive a discount card from the company: produce that, at any of Sketchley's 550-odd branches, and your cleaning bills will be cut by 25 per cent. Not just once or twice, either, but every time you take your cleaning in.

You won't, however, be able to use the card to obtain a discount on an offer that has already been discounted. Incidentally, those who held their cards before June, 1977—when the number of qualifying shares was lifted from 50 to 300—don't need to buy themselves more shares to retain their right to the discount. Their card will be renewed at the end of the year, just like everyone else's.

Furniture mark-downs

IF, IN CONTRAST, you tend to spend your money on consumer durables, maybe you should go and buy some Henderson Kenton shares instead. Invest in 100 of them (present price: some £74) and you will be entitled to a discount of 10 per cent. on purchases in the company's 70-odd English and Scottish furniture stores. The discount is, incidentally, also available to unitholders in trusts which hold a minimum of 20,000 of the company's shares.

Greenhouse reduced

PENTOS HAS just joined the ranks of those offering discounts on their products to shareholders. If you have a minimum of 300 shares you can claim a 30 per cent. discount on Barker Ellis silver plated tableware: a 35 per cent. discount on Europa Greenhouses; and a 10 per cent. discount on purchases made in Dillons University Bookshops or Hudsons Bookshops. An investment in the number of shares to qualify will, however, cost you some £240, and the discount card for use in the company's bookshops is the only one you are likely to use at all regularly. After all, few people buy a greenhouse more than once in a while.

Discounts on drink

IF YOU HAPPEN to be a shareholder of Grand Metropolitan and you want to take advantage of the perks which they offer to shareholders, you are going to have to be speedy about it. You are, in fact, too late already for the wine offer from its subsidiary Justerini and Brooks (12 bottles, including a complimentary bottle of J and B Rare Scotch, for £23.50), but you've a couple of weeks to take advantage of the £1.50 discount available to those who take a meal for two in a Berni Inn or Schooner Inn (left), which remains in force until May 21; and the 75p discount offered on Baileys Original Irish Cream is valid until the end of the month. Mind you, if the comments of disgruntled shareholders at the annual general meeting were anything to go by, you might find the latter somewhat hard to come by: it isn't all that widely stocked.

A stay in Gibraltar

RATHER MORE attractive, all things considered, is the deal which Crown House offers its shareholders. Crown House itself is something of a mini-conglomerate, but among its interests ranks a stake in a company with a hotel in Gibraltar. Those with shares in the company can obtain discounts of up to 30 per cent. on the cost of a stay there organised by British Airways Sovereign Holidays—and the holidays don't necessarily have to be taken out of season, either.

A creepy cheapie

AND FINALLY, while the corporate sector may not take care of you from birth—so far as I know, no one is offering a discount on maternity expenses, though maybe Mothercare should take note—it certainly will look after you till death. Should you happen to have held at least 500 ordinary shares in Dundonian (present value: £250) for at least a twelvemonth before you pop off, you may do so in the secure knowledge that the company will defray the costs of your funeral or cremation. Providing, that is, that you don't do things in too ostentatious a style: the company (the former Dundee Crematorium) puts a limit of £250 on the expenses which it will cover for its shareholders.

DEPOSITS

TIM DIXON

MOST PEOPLE think of hire purchase companies only when they go out to buy a car, a cooker or some other form of consumer durable.

But the finance houses can provide a useful and attractive vehicle for investment.

Finance company deposits can hardly be described, however, as one of the most popular or best known means of obtaining income on savings. This is mainly because the finance companies almost invariably find the bulk of their funds elsewhere, often from one of the major clearing banks. For instance, only United Dominions Trust, of the giant instalment credit companies, is still independent. Elsewhere, Forward Trust and Lombard North Central, the latter now the largest in the field, are owned respectively by Midland and National Westminster, while Lloyds and Royal Bank of Scotland both have a 39.34 per cent. stake in Lloyds and Scottish.

Although deposits may not be of great significance to the finance companies themselves, the rates they offer (see table) should be noted by anyone looking for a safe return on their investment. For comparison, a National Savings Bank investment account currently offers 8½ per cent. gross, most building societies offer about 5¾ per cent., tax paid.

Some of the smaller finance companies offer still higher returns but you may want to stick to one of the bigger houses which has backing from one of the clearing banks.

If you do want to put your money on deposit with an hp company, interest is normally paid half-yearly (or on maturity if the term is less than six months), or it can be ploughed back into your account like a normal bank deposit. In addition to the terms shown UDT (where Prudential and Eagle Star have a 26 per cent. and 10 per cent. stake respectively) offers a highly competitive average rate scheme. This is for deposits (in multiples of £1,000) between £1,000 and £100,000 and the notice of withdrawal is only seven days. The rate of return is always at least 1½ per cent. above local authority dealing rates. It is now 8 per cent.

FINANCE COMPANY RATES TO DEPOSITORS

			Rates* % over			
Company	Minimum investment	Maximum investment	one month	three months	one year	three years
Lombard North Central	1,000	—	6½-7¾	7½-8½	8-8½	9-9½
Forward Trust	None	25,000	7¼	7½	8½	9¼ (min. £1,000)
Lloyds and Scottish	10,000	50,000	7¼	8½	9	9½
UDT	500	15,000	6½	7	8½	8½

* Thursday's rates.

Sums for charity

CASH AND CHARITY go together. Like love and marriage, in the words of the old song, you can't have one without the other. It's rare, all the same, to find anyone working for a charity who is really at home in his (or her) dealings with money. And with that in mind, the Institute of Chartered Accountants in England and Wales has come up with a small series of booklets designed to alleviate the ignorance which all too often turns financial management into an unwelcome chore rather than an appropriate means to a higher end.

The series—Charities and Voluntary Organisations: Guidance Notes on Planning and Control*—contains four booklets on the subject of budgeting: the role of the budget, how to draw it up, how to use it, and internal controls. The whole series is designed for those with very little previous experience of budgeting, and it does start from basics: annual income and expenditure; how the budget should be compiled; the sort of questions that it ought to provoke ("Does the income cover the expenditure? Is it realistic? Does it represent the optimum use of resources?"); the way in which it can be used to check the financial position.

The series' author, accountant Michael Sams, proceeds to some general thoughts on the corrective action to be taken once it becomes obvious, from the checks, that such action is required. By degrees which appear to be modulated to the seriousness of the situation, he suggests the curtailment of some work, resort to fund raising, prayer, "amendment of administrative arrangements" (giving some workers the sack) and—a measure to be resisted to the last—revision of the budget! For all that the accountant here betrays himself, this is a clear and useful series of booklets, and available at a price which the most impecunious of charities should be able to afford: none of the booklets costs more than 60p, and the set is available for £2.

* *Available from the Publications Department, The Institute of Chartered Accountants in England and Wales, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ.*

FASHION

SILK
in the raw

SILK has for years seemed one of the all-time luxury fabrics, yet suddenly, almost unaccountably, there seems to be a whole collection of very desirable clothes made from 100 per cent. pure silk at prices that are far from high. Once upon a time silk was just for the rich; to-day designers and manufacturers from the middle-level and upwards are using it to great effect.

There is, of course, silk and silk. Silk noil, used by Mary Quant and Stirling Cooper for the clothes photographed here, is a type of woven silk with little dark flecks in it. The dark flecks are parts of the chrysalis that get caught up in the silk and this certainly gives the fabric a lot of character.

Silk douppion, which the Quorum jacket is made from, seems a much thicker fabric and is formed when cocoons combine together, rather like twins, and produce a diagonal yarn—the slub has great appeal.

Though silk is usually thought of as being rather hard to care for, I have found that provided one washes it often (or in the case of a jacket makes sure it is cleaned often) and takes care to use only soft soapflakes and irons it when damp, then it is in fact one of the easiest fabrics to keep looking good. Once well-pressed, it doesn't crease, it is lovely to feel and have next to the skin and above all, conveys an incomparable look and sense of luxury.

Anybody who is worried about caring for silk can send for a free booklet on the care of silk produced by The European Commission for the Promotion of Silk, 51, Green Street, London W1Y 4BT.

In the meantime, if you really want to up-date your wardrobe, one of the latest jackets in a nice slub-like silk will do wonders for anybody—these jackets can be worn over full skirts, over trousers, or over dresses and provide just the right kind of cover for the average breezy British spring day.

The shops are currently full of jackets of all sorts—the smartest and most avant-garde are the wide-shoulder mannish ones but those of us who aren't as long and thin as we'd like to be should look out for those that are more flatteringly cut.

If silk is what you feel like this spring here are three of the nicest outfits around.

LUCIA VAN DER POST

STIRLING COOPER have a whole range of 100 per cent. pure silk noil skirts and jackets from which you can choose the styles and shapes that suit you best. There are for instance three different shapes of jacket—we show the long double-breasted one but for those who prefer it there is also one of the new very fashionable short jackets or you could choose a more conventional single-breasted one. To team with the jacket there are also three different skirts—the one we show is softly-pleated all round but there is a straight skirt for those who are very slim, as well as a pleated version.

For those who like to be very up-to-date there is also a waistcoat.

The jacket in our picture is £34.99, the skirt is £21.99 and the waistcoat £11.99. The silk noil comes only in cream but we teamed it for our picture with a soft coffee blouse, which is £17.99.

The complete Stirling Cooper collection can be seen and bought at Ronnie Stirling, 94 New Bond Street, London, W.1. and 23 Beauchamp Place, London, S.W.3 as well as from Stirling Cooper at Kendal Milne, Manchester, Rackhams of Birmingham and Dickins and Jones of Richmond, Surrey.

The cream court shoes, trimmed with brown and beige are £61, from all branches of Rayne.

Above left, silk noil by Mary Quant; above right silk douppion by Quorum.

Harvey Nichols of Knightsbridge, London SW1 always has a good collection of witty, up-to-the-minute and not terribly expensive jewellery. We have used a selection of their summer jewellery in all these photographs.

All the photographs were taken in the new Harry's Bar which was recently opened at the Park Lane Hotel. Harry Harris himself (photographed with the model, above right) has been with the hotel for 47 years and with the revival of interest in cocktails and the cocktail hour the hotel decided to ask John Siddeley to mastermind the relaunching of Harry's Bar. Photographs by Trevor Humphries.

MARY QUANT has used 100 per cent. silk noil in some of her designs for London Pride. One of the nicest ways she uses silk is in this natural coloured shirt and matching skirt. The shirt has a grandad collar with a tab front and is made in sizes 10-16. For some not immediately apparent reason it rejoices in the name of "Lola" while its matching skirt is known as "La Passionata." The skirt also comes in sizes 10 to 16 and has a tucked waist which makes it marvellously comfortable to wear as it is on a slightly expandable waistband. Both the waist and the hem are trimmed with lace to give it a very up-to-date air. Though the two pieces are obviously designed as an outfit they can also be bought and worn separately. The shirt is £18, the skirt £22 and both will be available from the first week in June from Harrods of Knightsbridge and Dickins and Jones, of Regent Street, London W1.

The sand-coloured patent leather sandals are by Rayne, and cost £37.50 at all branches of Rayne.

ONE OF THE very strong looks this spring and summer is the jacket and one of the most up-to-date of these is this one in silk douppion by Betty Jackson for Quorum. It has the kind of easy looks that mean you can team it with almost any summer outfit—over trousers, with skirts, over dresses. The jacket is £56 and can be found at Roxy of 25, Kensington Church Street, London, W.8, Whistles, of 81, George Street, London, W.1, and 111, Walton Street, London, S.W.3, as well as from Irving Sellars branches at 315, Oxford Street, 124, Kings Road, Chelsea, and in Birmingham.

The beige 100 per cent. cotton skirt and shirt worn with the jacket are by Emanuelle. The skirt and the blouse cost about £13.00 each and can be found in early June at Bentalls of Kingston or in main branches of Dorothy Perkins.

Waistcoats are, of course, very much part of the current look and we particularly liked this hand-knitted 100 per cent. cotton version by Suzanne Isaacs for Rococo. It is £34 from Parkers, 31, Brook Street, London, W.1, and 13a, Heath Street, London, N.W.3, and Whistles of 81, George Street, W.1.

Plants for dry places

GARDENING

ARTHUR HELLYER

AFTER six months of what seems like almost continuous rain or snow, when for weeks one has been praying for just two successive days of sunshine and east wind to dry the surface so as to make it possible to sow a few seeds outdoors, it may seem perverse to write about dry gardens. Nevertheless I am constrained to do so for three reasons: first that memory of 1976 is still fresh in my mind with its terrible toll of plants in so many gardens, including my own; second, that despite the reputation of the British Isles for rain and mist, some parts, including East Anglia, do suffer regularly from drought; but most of all because I have just received a splendid book by Beth Chatto entitled "The Dry Garden."

Mrs. Chatto is well known for her nursery, Unusual Plants, in which she grows many plants that have either become scarce through neglect or, though worthy, have never attracted the attention of British gardeners. Her exhibits of hardy plants at Chelsea and other flower shows are always a delight to the eyes as well as an education to the mind and those garden lovers who have visited her nursery near Colchester will know that, in her own garden, she uses plants just as skilfully as she does when exhibiting them.

What I had not previously realised was that Mrs. Chatto writes as well as she gardens and shows. "The Dry Garden," published by J. M. Dent and Son, price £6.50, is, I believe, her first book but I hope it will be followed by many more just as readable and informative. There are too few horticultural writers to-day who have something entirely original to offer and who can say it with clarity and style.

What astounds me most about Mrs. Chatto's account of the plants she grows so well in Suffolk is how many of them are tender with me in Sussex. I suppose I should know better by now: should realise at once that "hardiness" has as much to do with moisture (particularly moisture in winter) and with ripening of growth as it has with the temperatures, but the combinations of soil and climate are so numerous and so baffling that it seems impossible to tell what will, or will not, grow in any particular place without trying.

That is precisely what Mrs. Chatto has been doing for the past 30 years, not always at Elmstead Market, where she now lives, but always in East Anglia and most of the time, I think, near Colchester, where summer rainfall can be negligible and the total for the year no more than 20 inches, not much above half of what is quite common where I live and a quarter of what many west coast gardens endure.

Among the plants she has found satisfactory in these dry conditions are some I should not even have thought of trying. The bergenias, for example, with their large, cabbagey leaves, have always seemed to me to be plants that cried out for moisture but apparently I was wrong. Mrs. Chatto prefers *Bergenia cordifolia* and *B. Crassifolia* to the more common *B. schmidtii* (it is the one we used to call *Saxifraga megasea*) because they flower later and are less likely to be spoiled by frost. Nor would I have thought of the hellebores except, perhaps *Helleborus corsicus*, which grows well for me on top of a sunny and sandy slope which certainly gets very hot and dry in summer. But all the others, including the lovely Lenten roses which have the largest range of colours and are the easiest to grow, always seem to do best with me in semi-shade and soil that is cool, slightly moist and rich in humus.

Much more obvious are the rock roses or cistus, purpose built for hot and sunny places with their gummy or down-covered leaves. Unhappily in Sussex none seems reliably hardy (they have suffered a great deal this past winter) but in Suffolk Mrs. Chatto grows quite a number including Cistus skanbergii which I purchased only last week in Devon receiving at once the warning "This one is tender sir." I hope it will thrive for even in a notably prolific family it is outstandingly free flowering. Mrs. Chatto notes that the poorer the soil the more crowded it is with its small, rose pink, cupped flowers and the more likely to survive a cold winter.

She also succeeds with *Campsis radicans* grown on a south facing wall. This self clinging vine from the south eastern states of America, with impressive clusters of orange scarlet flowers in late summer, has stubbornly refused to perform for me though it does just manage to survive on my warmest, sunniest wall. Yet I have seen it flowering freely in an Essex garden so there is obviously something about East Anglia that it enjoys.

Sophora tetraptera, a New Zealand small tree, is another that has shunned me so far but Mrs. Chatto grows it with *Buddleia crispa*. The combination of the ferny leaves and dangling, buttercup yellow flowers of the sophora with the white felted foliage and lilac flowers of the buddleia must be delightful. Much of Mrs. Chatto's book is concerned with such felicitous plant associations and her ideas are illustrated with very clear and stylish plans by Margaret Davies.

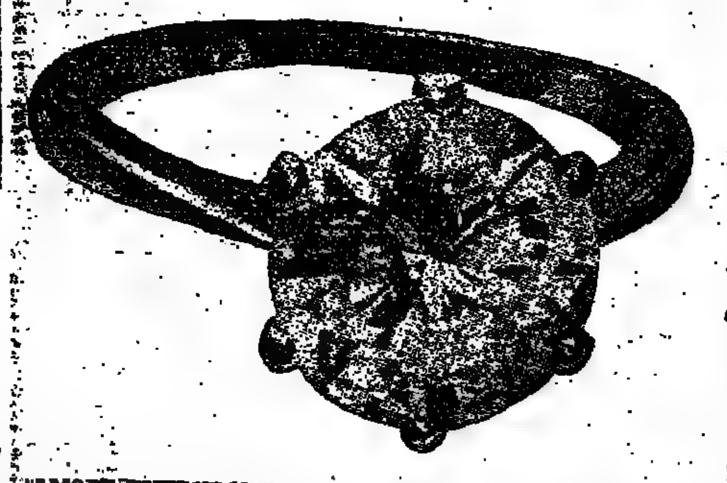
One chapter is concerned with moisture conservation and soil improvement and this, I fancy, is the nub of the whole matter. Mrs. Chatto avoids watering as much as possible, believing that it only makes plants soft and more sensitive to drought when it does occur. But she does take considerable care to improve the soil texture and moisture retention with compost, or other humus forming materials, and she is an ardent believer in pulverised bark as a mulch to reduce surface evaporation and suppress weeds. It is a material that is still little known by home gardeners though many public parks are using it in large quantities. It lasts longer than peat and, in some places, costs considerably less but this is really a question of local availability.

Mrs. Chatto spreads it two inches thick as soon as she has finished planting, provided the soil is moist, and she takes considerable pains to maintain this surface blanket, adding to it from time to time as decay and disturbance cause it to become thin. Neither bark nor peat suit everything. Many mountain plants find it too damp around their necks and prefer a looser, drier mulch of dry gravel or pea grit about one inch deep.

هكذامن الأجل

HOW TO SPEND IT

by Lucia van der Post



Are diamonds still a girl's best friend?

ALMOST EVERYBODY owns a diamond in some form or another. Most of us are not lucky enough ever to own gems of the beauty and rarity of Liz Taylor's famous present from Burton, but some 67 per cent. of newly engaged are given a new diamond ring. British fiancées are notoriously mean, spending only about £70 per engagement ring, which is one of the lowest figures in the world and lest you think that is just because he is one of the poorest this turns out not to be true either. De Beers have calculated that in the United Kingdom it only requires an average of 1.4 working weeks to earn enough to buy an average ring while in places like Italy and France, where the men are more generous, they need to work 4.5 weeks to buy the same ring.

De Beers, naturally, in their capacity as the world's largest (almost sole) supplier of rough diamonds, are very keen to see the average expenditure rise and most of us who like our jewellery to be pretty and (hopefully) valuable would support them in their cause. After all, as Susan Farmer, De Beers spokesman pointed out, the average girl spends far more on buying her wedding-dress or on the reception than is spent on the ring, which is the only tangible memento of the great day.

One of the problems for the potential diamond buyer has always been the problem of how to tell whether you are getting value for money. We can all wander into Asprey, Cartier or any of the other grand jewellers and have not the slightest difficulty in finding some beautiful, desirable pieces that we would gladly mortgage ten years of our lives for, but how to tell whether we are getting value for money is another matter.

For the amateur buyer it is very difficult to know what any diamond is worth. Buying for investment is really only for the very knowledgeable. In the long term, diamonds are very likely to go on rising in price, as they have done almost continuously since they were first discovered. However, it is almost impossible to put an absolute worth upon any diamond—in the last analysis it is only worth what somebody else is willing to pay for it and this in turn depends upon all sorts of imponderables like the world economy, fashion, design, and not least the diamond market, quite apart from the intrinsic beauty and fineness of the diamond itself.

For those who are thinking of investing in some diamond jewellery at the moment most experts seem to feel that prices are high right now: 1977 was a record year and prices rose as a result of genuine demand. In 1978 it became clear that several merchants were hoarding rough diamonds as a hedge against currency uncertainties and this in turn caused De Beers to put on a temporary surcharge at their regular sales.

What will happen now is a little uncertain. In theory prices should fall a little now that the blocked chain of stored diamonds is being released. But never before have diamonds been known to fall in price.

The golden rule when buying is only to go to a reputable jeweller, one whose reputation is such that he dare not risk it for a small temporary gain.

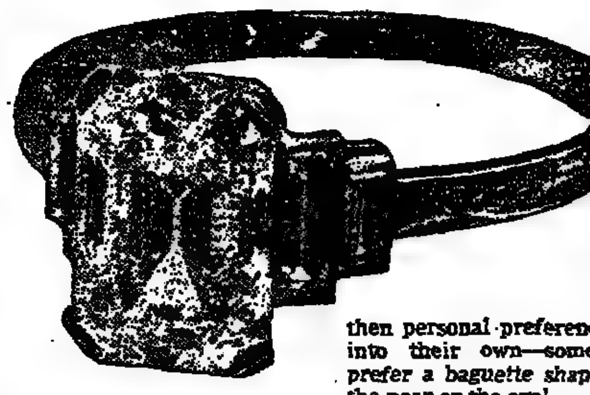
If you want to buy a stone and pay the smallest overhead on it Eric Bruton, publisher of Retail Jeweller, advises that you ask if the jeweller has a diamond expert, preferably one with a gem diamond diploma. If you then tell him how much you want to spend he will be able to get a selection of stones, advise you on the right choice and buy the diamond for you, charging a brokerage fee. This way the fee is likely to be lower as he uses your capital, not his own.

The jeweller should then be able to advise you on a good setting for your stone. If you are thinking in terms of investment, it is important to realise that you will, usually, have to sell it through a jeweller who, naturally, expects to take his slice so you are unlikely to see any tangible profit in anything under ten years.

For those who want to make sure that when they buy a ring the greater portion of the value is in the stone and not in the surrounding mount or setting Steele and Dolphin have produced some standard simple settings, each of which can be chosen separately from the diamond. The buyer is then free to buy the best and largest diamond he or she can afford and then have it mounted into this very simple setting. The range of rings is known as the Starlight collection, and it can be found at most jewellers, including James Walker. Prices start at £130 for a simple solitaire ring with 0.15 carat diamond and go up to £580 for a more elaborate ring with a 0.5 (i.e. half carat) diamond.

When it comes to the value of a diamond there are several determining factors. Ken Marston, our mining editor, has described these as the four Cs—that is, carat weight, colour, clarity, and cut.

When it comes to carat weight it is important to realise that smaller diamonds are more plentiful than large ones so that the price rise in larger ones is not in proportion to their carat weight. To give you some idea of size the average engagement ring (the £70 model we referred to earlier) sports a diamond of 5 or 6 points (100 points make one carat); the Hope Diamond is 44.5 carats. To give an example of how prices can vary—the average one carat diamond ring on the retail market would vary in price between £1,500 and £10,000. Ten years ago the price variation would have been between £250 and £1,800.



Clarity makes a large difference to the value of diamonds. The fewer the imperfections, the more valuable the stone. The naked eye cannot usually detect these so expert examination is essential.

Colour, too, affects price considerably. On the whole the most distinguished diamonds are the utterly crystal clear ones. Unattractive shades of yellow lower the price. Most diamonds, contrary to what most people think, do have some colour. The really fabulous legendary diamonds like the Hope and the Dresden are strongly coloured (the Hope is blue, the Dresden, apple-green) and exceedingly rare and valuable.

Cut is the last of the four Cs that affect the value of a diamond and here the skill of the cutter is paramount. There are several different traditional ways of cutting stones and each stone demands its own pattern. Providing it is done in such a way as to allow the true fire in the diamond to be reflected, then personal preferences come into their own—some people prefer a baguette shape, others the pear or the oval.

On the whole the crucial thing to remember when buying is that diamonds should not primarily be bought for a quick return on your money. Buy them because you like them. Always go for quality—rather a smaller stone of better quality than a larger one of poorer quality. Go to a good retailer whom you trust and who has a reputation he wants to preserve. Buy what you like so that you will get pleasure wearing it. Make sure it is properly insured and get the settings checked from time to time.

Finally, once you have it, do look after it. Remove rings when you are doing housework as bleach can pit and discolour mountings and soap builds up behind the setting so that light cannot reach the diamonds to make them sparkle. To keep diamonds looking their best they should be soaked in warm water with a mild detergent or washing-up liquid and scrubbed gently with something like an old toothbrush. Rinse in warm water and then pat dry.

● *For those who love diamonds some of the most bewitching and unusual jewellery is now on sale at Cartier, 175-176, New Bond Street, London, W1Y OQA. There is a particularly charming collection of hair ornaments—slides and combs—some are plain gold but the nicest are embellished with diamonds. Both slides and combs make lovely presents for those who have anything from £307 upwards to spare. Shown here is a very versatile collection of floret-shaped diamonds on an 18 carat gold slide. You must buy a minimum of the gold bar and one floret which is permanently fixed to the slide. You can, however, buy additional florets which can be worn in a variety of ways—you can attach three more to the gold slide or you can buy as well an 18 carat gold choker to which a floret can be added. They can also be worn as earrings or as a bangle. A set of 18 carat gold slide with one fixed floret and a pair of earrings (which is perhaps the ideal combinaton) would cost £3,475.*

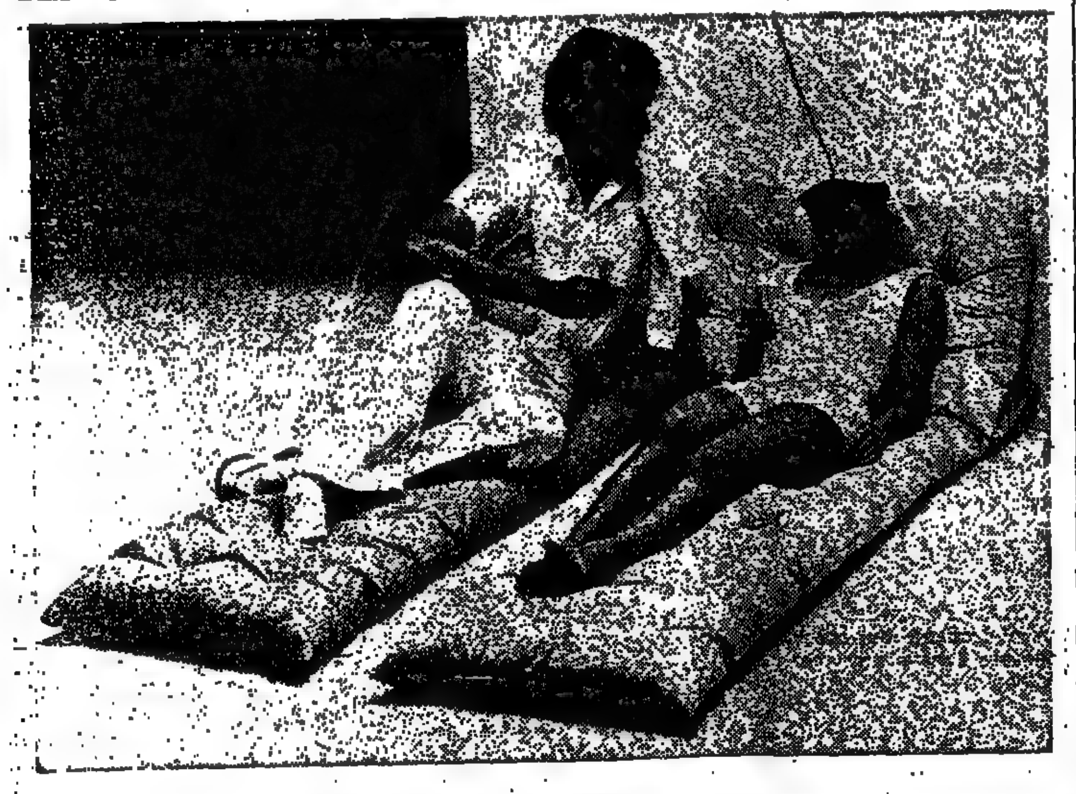
From London with love

I ALWAYS like to keep a supply of postcards on hand at home for quick thank-you notes or easy communication. Usually I have some of the charming postcards that can be bought at almost all our museums and art galleries but a recent alternative to these is a splendid collection of postcards of old London.

The postcards are collected together in a book format but in fact they all have perforated edges and may easily be detached from each other. There are 32 in all which (for a total price of £1.50 for the complete book) seems to me to make them very good value. All are in sepia and white, and together they add up to a charming record of old London. Included in the collection is a picture of Buckingham Palace before its present facade was erected in 1913. There's Covent Garden, Park Lane in the days when it was really the smartest street in London, Tower Bridge on the day it was opened, and Rotten Row full of private carriages.

All the pictures are relatively rare and have been resurrected from a wide range of archives and libraries. Though many of the famous London sights are included some of the most appealing of the postcards are the pictures of everyday London—the old grocer's, the East End, and old coaching inns.

Anybody who wants some charming reminders of how London used to be, as well as a handy source of postcards, might like to look out for this collection. Called simply "Thirty-two Picture Postcards of Old London," published by Constable and Co., it is available from most bookshops and souvenir shops.



Sitting Pretty

I SEE these soft and casual "Padmats" coming in useful in many different ways in many different homes. Teenagers nowadays seem to have to stay overnight when there's a party on ("can't possibly catch the last bus home and you don't want to come and get me at two in the morning, do you?") and these look firm enough to double as a temporary mattress.

They could be used for casual pick-up and carry seating on the patio, in studio-bedrooms, beside swimming pools. They could be used to top a wooden seat or a chest or used to soften up a canvas lounger.

Made from Dunlopreme foam throughout, they seem solid enough to give a degree of support but they are still light enough to carry easily.

There are four sizes, 44 in. by 22 in. up to 72 in. by 24 in. and prices vary from £7.95 for the smallest to £13.95 for the largest. The mattresses are buttoned which gives a nice finished-look and the covering is a blue denim type fabric or brown calico.

Made by Progress Mercantile these Padmats are just part of a whole new range of casual unstructured furnishings using shredded or crumbed foam. Available from Whiteleys, Allders of Croydon, Medhurst in Bromley, John Banner in Sheffield or write to: Progress Mercantile, Mount Avenue, Bletchley, Milton Keynes.

Choose at home

In a much more formal vein, the Conran Shop, 77, Fulham Road, London, S.W.3, which has long been one of my favourite furnishing shops, has recently produced a brochure which very usefully illustrates the entire range of upholstery they offer. This, of course, means that all those who live out of London may send for the brochure (it will be sent free of charge) and from it choose any of the wide selection of chairs, sofas or foot-rests. All are clearly illustrated: all measurements are included in the brochure, so in fact it is a handy guide even for those who live close enough to be able to go in and see the furniture for themselves.

What I like best about the brochure is that it includes a wide range of styles—from the classic Le Corbusier chaise-longue to the latest soft-cushioned collection from Italy, from the classic, comfortable "English" country-house sofas to the convertible Chesterfield. Prices of upholstery at Conran (or indeed anywhere else) are no longer low and indeed any kind of chair or sofa is a major investment so a good, long look, thinking, measuring and deciding is just what the customer needs before taking such an important decision.

If you'd like to see just what the Conran shop does have to offer you can get a copy of the brochure by writing to the address given above. They will also help customers select suitable fabric coverings from their wide range.

The Conran brochure cover

POSTSCRIPT . . .

Tigermoth

READERS often complain that it isn't always possible to find the range and choice of clothes in country districts that London and the other bigger cities enjoy. Well, Tigermoth, one of the nicest children's clothes shops I know has for some time been producing its own mail order catalogue so that customers from any part of the country can choose and order in the peace and quiet of their own homes.

Tigermoth is at 166, Portobello Road, London, W11, and at 425, Richmond Road, Twickenham and the actual shops, of course, have a much larger and more individual selection of clothes than it is possible to deal with by mail.

However, by mail they do one of the chicest ranges of children's underwear I know—very French-looking in sophisticated colours like olive, rust, navy and pale blue, as well as white. Their Petit Bateau T-shirts are singularly attractive, too, being in fine stripes of French blue, pale blue, and navy and white. They are not cheap but last for years.

Tigermoth find that one of their most successful lines is their own very cheap and strong dungarees—these cost £8.50 for all sizes up to six years old and they do the same style in navy corduroy for £9.75.

I also like their denim dungarees which are held up by striped braces and I think most children would love them, too. They come only in dark blue denim and are £9.75 in all sizes up to six years old.

Girls' clothes have not been forgotten—there are denim culottes, again made from 100 per cent. cotton and these start at size 20 (£8.40) and go on up to size 34 (£10.20) so that adults could buy from Tigermoth as well. To soften the culottes there is a sweet range of Liberty-fabric quilted waistcoats, which also go into adult sizes.

Perhaps, though, the most sought-after garments are the very simple things—like cotton rompers for babies in chic navy or red stripes. Terry towelling coveralls, again in unusual colourways and, finally, their striped nylon socks in colour combinations that nobody else seems to get hold of.

If you think the Tigermoth catalogue might be useful to you send just a 7p stamp to Tigermoth, 166 Portobello Road, London, W.11. All clothes are posted off the same day as the order is received or if Tigermoth is out of stock and delivery is likely to take more than three weeks they will let you know.

Help at Hand

IF YOU'RE planning a summer wedding or a garden party or any other event at which you could do with some impeccable and indeed imposing help then you might like to know about the Corps of Commissionaires. All the commissionaires have left one of the three services with impeccable character records and all have been carefully screened for complete trustworthiness by the officers of the Corps.

They can be hired at a cost of about £10 to help salute the bride and guests on arrival at the church, to help check invitation cards, direct cars to the correct parking spaces, look after security, take care of gate crashers or help at the bar. They are not, however, meant to do domestic work so don't expect them to cook, clean or wash up.

Each commissionaire turns up looking marvellous in the well-known uniform of the Corps and though the main headquarters are in London (3, Crane Court, Fleet Street, London EC4A 2EJ) there are nine other offices throughout the country (Belfast, Birmingham, Bristol, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle-on-Tyne), all of which can provide help that you can trust.

Corinne Cockrell

Patching, Bodging and all that

BETTY RANDLES is a patchwork expert, or perhaps, artist is the right word. Many people can cope with the technique of patchwork—that is cutting out the pieces, sewing them together, backing them and so on. What turns patchwork into a work of art is a sense of colour and design and Betty Randles seems to me to be one of those rare people who can produce rich and subtle colour combinations which give her patchwork pieces a very individual look.

Anybody who is interested in a whole range of crafts, and not just in patchwork and Betty Randles, should hurry along today or to-morrow to Hatfield House, Hertfordshire, where the fourth living crafts exhibition is currently being held. The organisers like to point out that even those without cars should find it very easy to visit the house because trains from Kings Cross go direct to Hatfield Station and the gates of Hatfield House are just outside.

Betty Randles has a stand at the fair and in particular will be demonstrating quilting for at the moment she is working on a quilt which is to hang in her local village hall. Besides demonstrating she will also have many pieces of her work on sale including this glorious quilt, above, which is done in varying shades of brown and is quite delicious. It is 96 inches square and costs £186.

For those who had in mind rather smaller items for the house her cushions start at £3.50 for 13-inch square and go up to £6 for the 20-inch square size. There are also lots of very small items like pincushions at 50p, pincushion kits at 70p, needle-cases at 50p and felt bookmarks at 25p.

Those who want quilts made to order to suit particular colour-schemes can quite safely order them from Mrs. Randles—provided they are not in a hurry. Such care does Mrs. Randles take over colour-matching and over the choosing of the right fabrics that it may take her up to three months just to find the material, and then she has to start on the making. However the time gap doesn't seem to deter people from ordering—she is currently making a lovely green quilt for a couple in America and is still hunting down special shades of pink for another.

If you cannot get along to Hatfield House you could always visit Mrs. Randles in her studio—she is to be found at The Stables Studio, Aston, Near Stevenage, Herts., on Tuesdays to Sundays from 11 a.m. to 4 p.m.

For those who are not interested in patchwork or quilting, there are plenty of other diversions to be found at Hatfield to-day and to-morrow. Over 100 craftsmen will be coming from as far afield as Scotland (bagpipe makers from Forfar) as well as furniture makers from Glastonbury in Somerset. There will be bodging (the making of traditional beechwood Windsor chairs) and thatching, lace-making, and embroidering. There will be teach-in's and things to buy and a happy day should be had by all. Entrance fee for adults is 95p, children 45p.

PROPERTY

Up on Surrey's hills

BY JUNE FIELD

"Who that has felt the fresh breezes blow from the crest of the North Downs, and, looking below, has seen the smiling, undulating country stretching out before him away to the greyish purple crests of the South Downs . . . can doubt that the eternal hills (of) quiet Surrey . . . must have inspired in the medieval mind sentiments of peace and contentment?" asked George Clinch in *By-Gone Surrey*, 1895.

These were obviously the qualities, too, which attracted the well-off late Victorian businessmen and moneyed intellectuals who wanted to escape the cares and grime of the city. "It is unquestionably the favourite county for the homes of those who work in London," acknowledged *Small Country Houses of Today*, edited by Lawrence Weaver, published in the early years of this century. Not that this was anything new either, for "as far back as the reigns of Elizabeth and James I the servants of the Court aimed to make enough (by means not always fanatically honest) to ensure retirement to a small estate in Surrey." The district was also rich in building materials. "The bricks and tiles of Surrey have the great advantage of a touch of iron in their composition, which gives that richness to the red that nowhere can be bettered."

So the well-to-do citizens of London picked a choice piece of land in the Surrey hills and chose a fashionable architect to build their homes, many of which survive to-day in remarkable condition, a tribute to their architect and quality of building. Basil Champneys (1842-1935), responsible for Rochdale Town Hall and various churches awarded the gold medal for architecture in 1912, built Banacle Edge, Sandhills, Wormley, in Surrey in 1892. An hour's drive from central London, 4 miles from the village of Godalming, the house is tucked away in a peaceful woodland glade, 400 foot above sea level, with glorious views to the South Downs. Constructed of brick, part pebble-dash and part tile-hung—"in the habit of tile-hanging walls, this county and its neighbour, Sussex, strike their most characteristic note"—it is a sensible looking solid house with a carved stone entrance. (It is believed that Sir Edwin Lutyens (1869-1944), who built large country houses for the wealthy and discerning, may have been involved in designing the house, although there is no documentary evidence to support this theory).

In the eight-acre grounds is a three-bedroomed cottage, stables, kitchen garden, orchard, and if you go along a little path leading through the wood to a grassy clearing you will find an old-fashioned swimming pool. The agents, Knight Frank and Rutley, 20 Hanover Square, W.1, are asking in the region of £150,000.

C. F. A. Voysey (1857-1941), whose houses were considered quite revolutionary in their day, and whose work made a deep impression abroad, was responsible for Lowicks House, Tilford, near Farnham. In 41 acres, the house is in a completely secluded situation surrounded by thousands of acres of pine heathland of Frensham Common, National Trust and conservation areas, and was originally designed for Mr. Horniman the tea magnate. Typical Voysey touches are the beamed ceilings, panelling and wrought-iron door furniture of rustic-style hinges and latches, all intended to promote the honest simplicity that was Voysey's trademark.

Rake Manor, Milford, eight miles from Haslemere and Guildford, with the Enton Fly Fishers Club, with its exclusive trout fishing nearby, lives up to the agent's description as one of the most beautiful properties in West Surrey.

A very fine example of a typical Surrey manor house, believed to have been built in 1602, Rake Manor has a superb timber frame-work filled with mellow red brick of the period in the herring-bone fashion. There are many original windows, a large well-proportioned chimney stack, some fine fireplaces and massive exposed beams and timbers. The house has been added to and altered at various times, and has also been extensively restored. A new drawing room and the billiards room were added by H. M. Baillie Scott at the early part of the century, and Lutyens is also reputed to have added a new kitchen wing at the end of the last century. These additions are in keeping with the original house, in particular the drawing room has a very fine, unusual plaster decorated ceiling. There are eight bedrooms and seven bathrooms.

Banacle Edge, Sandhills, Wormley, Surrey, in 8 acres, built in 1892 by architect Basil Champneys. The six-bedroomed house is approached through fine wrought-iron gates up a drive which opens into a courtyard flanked by a cottage and stables. A feature of the house is the magnificent plaster-moulded ceilings. The agents, Knight Frank and Rutley, 20 Hanover Square, W.1, are asking in the region of £150,000.

Lowicks House, Tilford, near Farnham, was designed in about 1897 by C. F. A. Voysey for Mr. Horniman, the tea magnate. In 41 acres, with a heated swimming-pool and trout- and carp-filled lake, the 6-bedroomed house is tucked away in the pine and heathland of west Surrey. Full details Knight Frank and Rutley, 20 Hanover Square, W.1, who are asking for offers in excess of £200,000.

The Glasgow style

STYLISH architect Charles Rennie Mackintosh (1868-1928), one of the "Glasgow Four," together with architect Herbert McNair and the two Macdonald sisters, Margaret and Frances, was responsible for five houses in the Scottish hills. Auchenibert, near the village of Killearn, on a tree-lined hill site, 16 miles from Glasgow, 19 miles from Stirling, was one of his last.

Designed in 1906, the pleasantly grouped windows take advantage of the views to Loch Lomond and the Kilpatrick Hills. The lines are Cotswold Tudor, unlike Mackintosh's usual style, presumably to the order of Mr. and Mrs. J. F. Shand who commissioned it.

All Mackintosh houses were planned to cater for the needs of a particular family, but the Shands had such strong ideas of their own as to the kind of place they wanted, that eventually they fell out with Mackintosh, and another Glasgow architect, A. D. Hislop, finished the house. Even so, much of Mackintosh's work remains, and in the scholarly *Charles Rennie Mackintosh And The Modern Movement* (published in 1952 and recently re-issued by Routledge and Kegan Paul, £16.50), the author Thomas Howarth describes how he was told by the mason in charge that when work on the site began Mackintosh stood by him until he had obtained the precise bonding required. "Thereafter he frequently lent a hand, and often selected the stones himself. Mackintosh's quick appreciation of the problems encountered by the craftsmen, and his readiness to work with the men on the job always won him respect—even though his peculiar mannerisms were often heartily criticised by those who had to translate his drawing into terms of bricks and mortar."

The grounds extend to about eight acres, five of which are garden and paddock to graze two horses, with three acres of woodland plus rock garden and croquet lawn. The flowers will be at their best in May, with a glorious spread of rhododendrons and azaleas.

Auchenibert has only been on the market for a few weeks, and the agents, who are inviting offers over £100,000, report considerable interest from local Glasgow businessmen. Illustrated folder from W. R. Patterson and Houston, Estates Office, Campsie Glen, Glasgow.

Prospective purchasers would also do well to read Mr. Howarth's resumé of the accommodation. Apart from the "Book Room" added to by Mr. Hislop, and the provision of a door and stone steps leading out from kitchen quarters, and the extension and roofing-in of the former kitchen court to provide garaging, much of Mackintosh's original design remains. The plan of the dining-room with folding doors to the morning room, and the sleeping accommodation—owner's bedroom, boy's bedroom, "daughter's room" with its walk-in cupboard, guest's chamber, etc., is very much in keeping with the original. There are now four bathrooms as against the two on the original 1906-7 perspective drawing by A. G. Henderson shown in the book: the kitchen wing now incorporates a staff flat, and outside is a "motor house" for four large cars, potting shed and 72-foot greenhouse.

More close encounters

Alison Lurie: honesties and involvements.

A CLUTCH of recent Penguins demonstrates how consistently the novel of sexual possession is the by-product of a Western style economy. Take Japan first: the legend of Yukio Mishima which has grown since his self-inflicted death in 1970 has obscured his virtues as a novelist. The appearance of his early novel *Thirst For Love* (1950) in Penguin translated by Alfred H. Marks (75p) reminds us what a good novelist he was. The spectacle of a sexually frustrated woman's erotic obsession destroying everything that accidentally gets in its way has been familiar enough in European fiction since *Madame Bovary*: it is fascinating to see it worked out in terms of modern Japan with the efficiency of a Nikon camera.

The novel is set near Osaka on the farm of a retired shipping executive whose father was a tenant farmer and for whom the possession of land has revived peasant blood. Gradations of social position are drawn with great exactitude, not least within the enclosed realm of the farmer's own family and retainers over whom he rules with absolute patriarchal authority. The old man has a weird attachment to the young widow of one of his sons; she in her turn is obsessed by the animal beauty of the gardener who in his turn has made one of the girl servants pregnant. Mishima stokes up the pressure to flashpoint with the intensity of a classical French novelist and tells us a great deal about modern affluent Japan in the process.

PAPERBACKS

ANTHONY CURTIS

In one or two rare asides we get hints of the indignation that led him to take his ultimate authoritarian stand. "Kensuke and Chieko," he writes of two characters not directly involved, "found the affair fascinating. They had no moral bias—they prided themselves that that was their strong point. Thanks to this self-styled strong point, however, they fell into the position of bystanders without any sense of justice. Everyone likes watch a fire, but those who watch from a terrace are no better than those who watch from a street."

It all seems a long way from a civilised artists' and writers' colony in New England named Illyria. But is it really? In *Real People* (Penguin, 70p) that fine American novelist Alison Lurie, shows a similar build-up of pressure among the elect and in a place where the whole point is that they should be free from such pressures, idyllically at leisure to devote themselves to their work. A novel in which all the characters are either novelists, poets, critics or painters (save for one extremely pretty girl and her aunt who runs the place) is the hardest novel of all to write, the in-built narcissism can so easily wreck it; but Alison Lurie does it delightfully by turning the tables on her own narrator. She is a self-analytical short-story writer in her early forties whose little holiday at Illyria provides the time-span of the book and enables her to view her own happy (?) marriage to an insurance man and children with a measure of detachment.

Miss Lurie shows credibly how she becomes unwittingly involved in a passionate affair and her eminently sensible comment about herself and her reactions take on a more and more hollow sound. But this is more than a book about the honesties of the heart in conflict with the dishonesties of the mind: it is also about the writer's relation to his material and to his own reputation and the dishonesties which that may engender. Miss Lurie has some highly original points to make in this brilliantly comic story.

And now to one of our own — Pamela Haines's *Tea at Gunter's* when it first appeared in 1974 had some good reviews and they were well deserved. Anyone of forty-plus who missed it should repair the omission at once (Penguin, 95p). It captures the immediate post-war period as it affected a girl having her first intense experience of the competitive world of sex with its sudden alliances and even more sudden betrayals in a way that reminded me of the early books of Elizabeth Bowen. The author has the same knack of recreating her heroine's restricted but heady outlook in remarkable detail. Places like the Mayfair tearoom of the title and the Yorkshire domestic interiors where much of the novel occurs become the backcloth to scenes of great emotion as the heroine copes with a mother who is living in the past; a Catholic recusant past, and a father whose unfeeling vulgarity is all too present. It emerges that the era of *Brief Encounter* and *Annie Get Your Gun* was as stormy a one to grow up in as that of *Annie* and *Close Encounters of the Third Kind*.

CHESS

LEONARD BARDEN

THE FINAL round of an important chess tournament puts the same pressures on the participants as in any major outdoor sport. The knowledge that a single blunder during a long five-hour session can spoil a score built up in the previous two or three weeks can accentuate the tension and cause strange oversights.

At San Sebastian in 1912, both Nimzovitch and Rubinstein overlooked mate in two during their decisive game; at Nottingham 1936, four of the five leaders made serious errors.

As the final round approached in last month's Statham Masters at Lone Pine, California, the two front runners displayed markedly contrasting styles. After six of the nine rounds Polugaevsky of the USSR had 5½, Larsen of Denmark 5 following his loss to Speelman of England given in last week's article.

First prize was $12,000, second $7,500, then a rapid drop to the lesser awards. Under Swiss system rules the leaders had to meet their nearest rivals in the closing rounds, thus maximising the effect of a setback.

Polugaevsky chose what regular tournament players would consider as a professional approach to the situation. Playing Black against Larsen in round seven, he neutralised White's initiative to reach a drawn ending. Another draw in round eight could hardly be faulted — he was Black against his compatriot Petrosian.

But in round nine, with the white pieces against Lein, Polugaevsky agreed another formal draw. In terms of the tournament, he made a sensible decision; his score was seven points, half a point better than the winning total of 1977; and he could only be passed in the event of Larsen beating the strong U.S. master Rogoff.

Larsen's attitude was different. The Danish grandmaster has possibly won more outright first prizes than any other active player, and even though he was half a point behind Polugaevsky with two games to go, he continued to aim for an outright first. Larsen beat Michael Stean of England in Round 8, then outplayed Rogoff in the game given below.

So is the Larsen approach the best one in a tense final round? Not necessarily. At Reykjavik earlier this year, Larsen was a point and a half clear of his rivals with three rounds to go, continued to play "actively" . . . and lost all three games.

What is mentally possible for the great chess optimists like Larsen, Fischer or Tal may prove a disaster for a more conservative temperament. Polugaevsky settled for safety, but he still finished clear second in one of the strongest tournaments of the year and kept his place as one of the world's ten leading grandmasters.

White: Bent Larsen (Denmark). Black: Kenneth Rogoff (U.S.). Opening: Caro-Kann Defence (Lone Pine 1978).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 N-QB3, PxP; 4 NxP, N-Q2; 5 N-KB3, KN-B3; 6 NxN ch, NxN; 7 N-K5, N-Q2.

Black is trying to avoid the disasters of Mecking v. Miles and Karpov v. Hort earlier in 1978, which continued 7...B-B4; 8 P-QB3, P-K3?(P-KR3!); 9 P-KN4, B-N3; 10 P-KR4 when Black either has his bishop trapped or his pawn formation ruined (by 10...P-KR4; 11 NxB). However, the backward knight retreat is not a convincing answer to White's seventh.

8 B-KB4, NxN; 9 BxN, Q-N3; 10 B-Q3! P-B3? (White would have good compensation with his active pieces for a pawn after 10 ...QxNP; 11 O-O—but Black's choice, further weakening his position, looks still worse); 11 B-N3, B-K3; 12 Q-K2, B-B2; 13 O-O, P-K3; 14 P-QB3, O-O-O.

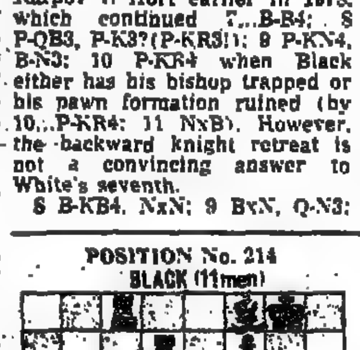
"Castling into it" — but the normal B-K2 is countered by B-QB4.

15 B-QB4, R-K1; 16 P-N4!

Decisive; White's attack comes quicker than any chances Black can create on the other wing.

16...P-KR4; 17 P-KR4, R-N1; 18 Q-B3, B-K2; 19 P-QR4, P-N4; 20 P-R5, Q-Q1; 21 P-R6, PxKRP; 22 PxP ch, KxP; 23 RxP ch! Resigns. For if 23 . . . KxR, 24 QxQBP followed by R-R1 ch forces mate.

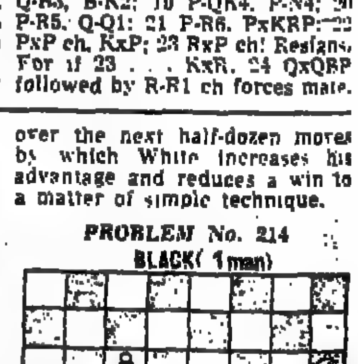
POSITION No. 214
BLACK (11men)



WHITE (11men)

Sax v. Virag, Budapest 1978. This is an unusual puzzle—a test of position judgment. White (to move) has the well-known advantages of a strong Q5 square, play against weak pawns, and a knight which, given the blocked position, is superior to a bishop. The puzzle is to find the right plan over the next half-dozen moves by which White increases his advantage and reduces a win to a matter of simple technique.

PROBLEM No. 214
BLACK (1man)



WHITE (6 men)

White mates in three moves, against any defence (by H. Rosset, Basler Zeitung 1977).

Solutions Page 14

BRIDGE

E. P. C. COTTER

I HAVE BEEN given details of to-day's hands from the Camrose Trophy by courtesy of Popular Bridge. Incidentally, the editor has promised a free sample copy and a special annual rate for FT readers. If interested, you should write to 480, Mansfield Road, Sherwood, Nottingham.

This comes from the England v. Scotland match:

N.
♠ K J 3
♡ 5 4 2
◇ 10
♣ A Q 9 6 4 2

W.
♠ 10 8
♡ K J 7 3
◇ K J
♣ K 10 8 7 5

E.
♠ A Q 5
♡ A Q 9 6
◇ 9 8 6 4 2
♣ J

S.
♠ 9 7 5 4 2
♡ 10 8
◇ A Q 7 5 3
♣ 3

In one room at a love score West opened a mini no trump (10-12 points). East replied with a Stayman two clubs, and raised his partner's rebid of two hearts to four hearts.

North led his diamond singleton, South won and returned a diamond for his partner to ruff. A trump return was taken on the table, the club Knave ran to the Queen, and North again led back a trump.

The declarer now made ten tricks by taking the spade finesse, cashing the Ace, and ruffing dummy's last spade in hand. He continued with the club King, North covered, and dummy ruffed. Now the diamond nine was led, South had to cover, and the declarer ruffed. Dummy's cards were now good, so West claimed his contract. All very neat and tidy. But suppose North had won the Knave of clubs with the Ace instead of the Queen and had returned the two. This false card might well have caught the declarer off guard, and enabled South to score his trump ten.

In room two North bid one no trump after two passes. East bid two clubs, showing hearts and another suit. South said two spades, West jumped to four hearts, and North bid a fanciful four spades, which was doubled. If West had led a trump, the carnage would have been great, but he led the diamond King. South won, took the club finesse, played the Ace, which was ruffed and overruffed. Then came the diamond Queen, and another diamond was ruffed and overruffed on the table. Another club was ruffed in hand, and another diamond was ruffed and overruffed. A club from dummy followed, and East had to throw his winning diamond to beat the contract by one trick.

The next hand occurred when England met Wales:

N.
♠ 7 4 2
♡ Q 8 5 2
◇ 5
♣ Q 10 8 7 6

W.
♠ 9 3
♡ J 9 4 3
◇ Q 9 8 6 3
♣ K 3

E.
♠ J 10 6
♡ A K 10
◇ J 10 7
♣ J 9 4 2

S.
♠ A K Q 8 5
♡ 7 6
◇ A K 4 2
♣ A 5

With North-South vulnerable, South bid one club (Precision) after three passes. North replied with a negative one diamond, but raised his partner's rebid of one spade to two spades, and South carried on to four spades.

West led the three of trumps to the ten and Queen, and South cashed the diamond Ace. He then made the mistake of playing Ace and another club. West can now beat the contract by switching to hearts. East cashes his Ace and King, and a club return effects a trump promotion. Either West makes his nine at once, or if South ruffs high, East's Knave scores the setting trick later. West, however, did not rise to the occasion.

Once the opening trump lead has made it awkward for South to ruff two diamonds on the table, he is forced to try the club suit, but he should have played his low club without cashing the Ace—then he gets home.

Player's lesson in diplomacy

GOLF

BEN WRIGHT

MUCH PLAY HAS been made on this side of the Atlantic recently about the open hostility shown to foreign players when *they appear on* the United States tour. British writers, making infrequent visits to *America, relish* the *fact* that Australia's No. 1 professional, Graham Marsh, who had previously *won seven tournaments in* 1976 in practically every significant golfing country except the U.S. and, ironically, *his own* native land, was made to go through the arduous PGA tour qualifying school in Brownsville, Texas, in December of that year *when he graduated comfortably* in third place.

When Seve Ballesteros was offered a player's card during this year's Masters tournament, *following his* momentous victory at Greensboro the previous week, without being required to go through the *school, the outcry* from my esteemed colleagues was considerable. The fact that Marsh had not qualified for an invitation to play at Augusta as a PGA *tour player* added further fuel to the fire, since the wiry Australian had won the 1977 Sea Pines Heritage Classic, a total of $107,765 for *22nd place on the money list*, and had been somewhat strangely voted Rookie of the Year in the U.S. that year.

Deane Beman, commissioner of the PGA *tour, has been* flayed regularly in print here for an isolationist attitude that makes it *more* and *more* difficult for foreign players to compete in the U.S. Undoubtedly Beman's *hand has been forced* in that he has had to institute regional and area qualifying competitions to *sort out* the wheat from the chaff instead of *allowing* hundreds of golf-crazed youngsters to turn up at the qualifying school and *return* scores that are an embarrassment to the profession, to themselves, and to their *friends* and relatives.

This does not mean however, that Mr. Beman is trying to discourage foreigners from playing in America. He offered Ballesteros his card within a week of the Spaniard's victory at Greensboro. Conversely, Marsh had won *neither in* America nor Australia, so he was *asked* to attend the *school*. The *fact that* he had won in Britain, Europe, Africa, India, Asia and *Japan is of scant* significance when judging a golfer's right to a place on the U.S. tour.

Beman again waived his own association's regulations to allow Ballesteros to compete in the Tournament of Champions, although at that time—a week after the Masters—the 21-year-old Spanish hero had not accepted the offer of the player's card normally required to compete in an event restricted to tournament winners of the previous 12 months, for which Gary Player was the final qualifier.

There is little doubt also that Player's great South African predecessor, Bobby Locke, was eventually hounded out of America by a group of his contemporaries, who not only bitterly resented his repeated success, but also the fact that this least athletic-looking of all modern golfing greats could not resist publicly and loudly rubbing salt in their wounds at practically *every possible opportunity*.

Player is by contrast so much more of an ambassador for his country that he will tell you he has never encountered such hostility, and mean it quite sincerely. This is chiefly because he has endeared himself to a nation so basically competitive and emotional that the little man who makes good against all the odds immediately becomes a folk hero. Anyone as physically brave and dedicated as Player, who can ally these attributes to a pains*takingly careful verbal delivery*, can hardly fail. Nor are the regular references to God's intervention at all harmful in the American Bible Belt.

Gary has had the good sense *never to bad-mouth* any facet of the continent that has provided him with the major part of his income. But Australia's Peter Thomson and, latterly, our own Tony Jacklin, would *never now* be *likely to* win a popularity poll in America. The Australian could never disguise his profound dislike of almost everything American—particularly their *larger size of golf* ball—but how much his opinions were coloured by his inability to sweep all before him in the U.S., as he was able to do in Britain, *is* open to suspicion.

Jacklin started promisingly *enough in every sense*, saying all the right things about the excellent organisation of the tour and how a foreign player could never achieve true world-*class status until he had proved* himself in America's super league. Unfortunately, Jacklin has twice since made the mistake, in times of disillusionment, of criticising a tour and its life-style that, largely through his own former diligence and dedication, was hardly unkind to him.

How all those who admire and respect Jacklin for his marvellous golfing achievements wish he had been better advised in these and *other areas* away from the golf course! It is tragic to me to have witnessed the *triumphs* and *now to be* around to watch what appears at present to be an accellerating and premature descent into oblivion. I sincerely hope Jacklin can prove me wrong—preferably this week-end in Sardina.

Bruce Crampton's unfortu*nately abrasive manner at times* caused the iron-hard Australian *to be detested in America*. But no one ever denigrated his playing ability or doubted his *gratitude to his adopted country* for allowing him to make his fortune there. Likewise, Peter Oosterhuis has been taken to heart by the modern generation *of American golfers* (as have Australians Bob Shearer and Jack Newton) because he was happy to become one of their number and quickly adjusted to *the way of life*.

Help on the land

BY STUART MARSHALL

AT LEAST 300,000 Land-Rovers have been sold in Britain since 1948 and about half of them are reckoned to be still running. *The* odd thing, according to Rover's staff, is that fewer than 10 per cent. of their owners *really know how to drive them.*

Most people who have them are aware that, on the road, the red knobbed transfer gearbox lever stays forward so that the drive goes only to the rear wheels. That makes the Land-Rover serve as a strong, high-off-the-ground and rather uncouth kind of motor car. For off-road work in mud or on extra-steep gradients, they pull back the transfer gearbox lever, which engages four-wheel drive and selects the low range of gears. Alternatively, four-wheel drive can be had in *high range* by depressing a yellow plunger.

But even this is not fully understood. One veteran employee of an electricity Board who had driven a Land-Rover *for years on official business* was handed a new one. The Rover demonstrator asked if he understood the controls, to which he replied that he did. Pointing to the red *knobbed high-low* transfer box lever he said by way of confirmation: "I always pull that back in October and leave it there until the end of April. It's to give you more grip on slippery roads, you know . . ."

It would. And it would also restrict maximum speed to an ear-splitting 35 mph and bring about a staggering rise in fuel and tyre consumption. This is an extreme example. Rover use it as a *horror story to make* the point that the Land-Rover is a widely misunderstood, not to say under-rated, vehicle.

Driven properly, it will go in and out of places where no farmer would dream of risking a tractor and where most fox-hunters would draw the line at taking a horse.

On really *rough country, the* Land-Rover driver has to forget all about normal driving techniques and be prepared, for example, to change to a higher gear for hill climbing and a lower one for going down steep descents. In essence, Land-Rovering has more *in common* with riding a horse than driving a car.

Leyland, in association with their Land-Rover distributors, are trying to fight ignorance with experience. Year round, they spread the word by inviting *owners and drivers to Land-*Rover demonstrations. On a recent rainswept morning, I went to a waterlogged Headley Common in Surrey to find out *how it should* be done. I once owned a Land-Rover for nearly a year and have driven them *for thousands of miles, but it* took me only five minutes to learn that I knew very little about taking them across really rough ground.

The first thing one has to remember is that foot hard down in four-wheel drive is a recipe for disaster. Safety, not speed, is the golden rule, and obstacles must be tackled head-on. (Anyone who lost money on Tied Cottage in the National will know what I mean).

Confronted with a *40-degree* slope, the Land-Rover expert selects second out of his eight *gears and gives it just enough* throttle to climb steadily without excess wheelspin. As soon as the bonnet crests the rise, he eases his foot off the *accelerator and changes down* into first in case an equally steep descent follows. Brakes are strictly for road use. To go down a precipitous slope, you *stay in first* and take *your feet* off the pedals. The compression of the engine controls your speed.

It is the same when climbing. *If* you stall on an ultra-steep gradient (and even Rover's demonstration drivers do now *and again), instantly bang in* reverse gear. The Land-Rover will hang against compression. You sort out your return route and, still in gear, flip the ignition *key. The engine starts* and literally winds you backwards down the slope, safely and *under full control*.

None of this will mean much to the owners who use Land-Rovers *merely to* pull horse-boxes though Rover's experts have a word of good advice for them—don't wait until you are nearly stuck in a field before you engage *four-wheel* drive. But to be driven in and out of craters by a man who really *understands Land-Rovering* is an enlightening (not to say frightening) experience.

Literally, a Land-Rover (or its more aristocratic relative, the magnificent Range Rover) can be driven safely and non-damagingly into places where people would have to go on all fours. The secret is knowing how.

And who would want to? Just *ask anyone who* has had to man-handle a heavy load across a couple of miles of moorland *because he was afraid of getting* stuck.

Deep-fried octopus . . .

TRAVEL

ARTHUR SANDLES

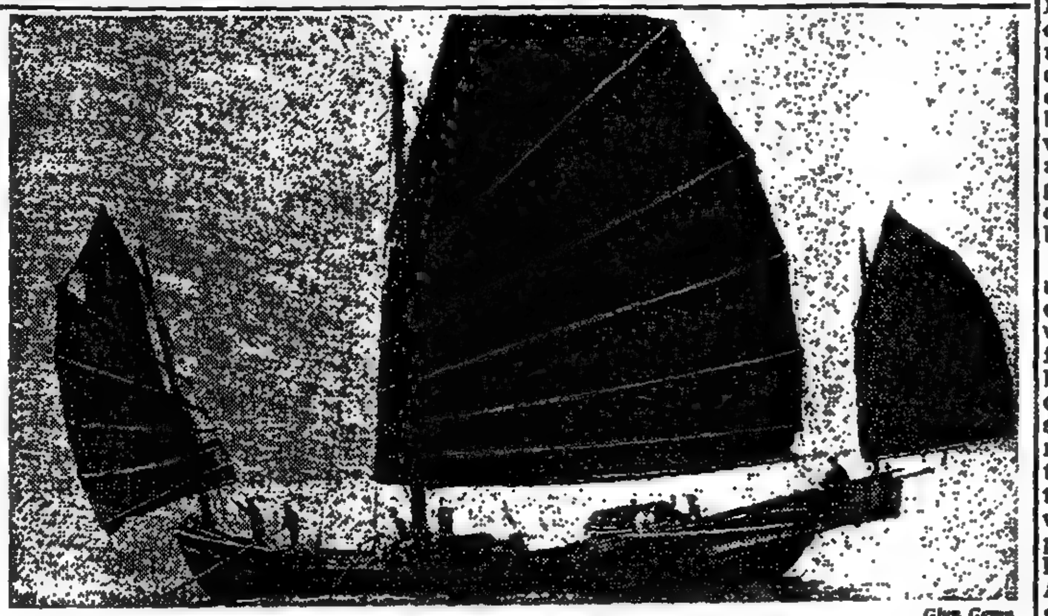
YOU MAY take a glass in your hand in your room high in the Mandarin Hotel in Hong Kong, look down on a swarming vista of traffic, junks, new office blocks and bustling ferry boats, and rest content in the fact that you will never know Hong Kong. I doubt there is a person alive who *does. Yes, there are those* who know their particular layer, be it the elegant boardrooms of those flourishing remainders of the old empire like Swire and Jardines; the bland-faced humourless helpers who sell cut-priced onyx in the Communist retail shops; the eager Chinese shopkeepers who will sell anything provided they make a dollar on the deal; the thousands of pretty women office workers who must surely be the *best-dressed, best-looking* such group in the world; and that milling water-borne world of junks, fish, red flags, mysterious smells and unfathomable people. Hong Kong is like an excellent soup—enjoy it, but never try to discover the recipe.

From the moment you start your descent towards Kai Tak airport, making that alarmingly sharp right-hand turn to avoid overshooting the mountains and taking an unplanned trip into mainland China, you know that this is going to be different. The washing hangs limply off the balconies of the apartment blocks, moved only by the breeze created by your jet as it passes seemingly within feet of them. The drive to the hotel pushes the message home. Here is a world of traffic, colour, flashing neon, street sellers, noise, and people—an awful lot of people.

I confess to having little sense of anticipation before seeing Hong Kong for the first time. Cities are not my favourite stamping ground. There are enough tower blocks, traffic *jams, massage parlours* and department stores within a mile of my regular desk to reduce their temptation value. My preconception of the colony was one of a giant duty-free shop, Shannon with yellow faces.

But somehow Hong Kong is infectious. It gets hold of you as you bounce across from Hong Kong island to Kowloon on the *ferry, or stand munching* deep-fried octopus bought fresh from a street vendor. It afflicts *you as you fumble your way* through packed back streets, striving as you do against a tide of flowing humanity which displays no apparent interest in the intruder. It holds you as you strive to resist the temptations of cut-price electronic wizardry. *Above all, if you are* interested in people Hong Kong presents you with an array *which never stops moving*.

Hong Kong, surrounded by China, the ever present but hardly mentioned neighbour, is probably the last true resort of the entrepreneur. Everyone appears to be busy attemting to make *his fortune*, with Government acting only as referee rather than rule maker. This produces an envigorating if alarming atmosphere, and makes Hong Kong an envigorating place to visit and do business.



Hong Kong sea craft: water borne restaurants serving junk food. *Glyn Genin*

Apparently only visitors mention China itself. The legal ties that Britain sees as binding the *island* and the *New Territories* to the Crown are not recognised by Peking. Therefore the theo*retical deadline of 1997 for* the bulk of the land involved is seen as something which exists *only in the minds of the British.*

If you are staying in Hong Kong the Mandarin (efficient, smooth, modern), the Peninsula (efficient, smooth, popular with British establishment) and the Excelsior (efficient, mid-market, modern) are all worth the visit. Eating is a revelation, providing you avoid Western cooking and the hotel dining rooms. Don't miss the Dim Sum meals *at lunchtime in a giant floating* restaurant set among a sea of junks, and do try to take a *Chinese companion* with you in order to steer your way through the menu.

Above all read John Le Carre's *The Honourable Schoolboy* before you go, while you are there, and when you come back. I hadn't and, to my fury, found myself sitting beside one *of the book's heroes*, Richard Hughes (he is thinly disguised in Le Carre's pages) without being primed. Hughes, a craggy old journalist who has spent his life in the East, has himself written *Borrowed Time, Borrowed Place* (Andre Deutsch). Read it and you'll be prepared.

Your week-end £: Austria 26.9, Belgium 58.25, France 8.32, Italy 1,590, Greece 65.75, Spain 146.25, Switzerland 3.51, U.S. 1.825. Source: Thomas Cook.

. . . and barbecued elk

I HAD just eaten an enormous picnic lunch of barbecued elk steak, salad and cheese when I decided to escape from the group and *climbed the hill*. As I knelt in the heather and scrub I knew this was the high spot of my holiday in Sweden. Below me was a blue lake fringed with yellowy green reeds. The fir trees on the opposite bank grew up the side of the hill, forming *the frame of* the picture, and in front were birch trees with bright green leaves quivering in the breeze. The sky was as blue as the water and the sun warmed my face. But apart from the beauty of the scene, above all was the sense of peace and well-being.

Sweden is the perfect country for getting away from it all. *Driving is a delight* — the roads are in good condition and in the rural areas traffic is so light *that it is quite* an event to see another car. (Even in broad daylight, however, that car will *have its* lights on — Sweden has recently passed a law to this effect.)

I remember driving through forests with a long slow sunset *in the driving* mirror and seeing a badger lumber up the side of the bank to watch us as we drove past. Another time we came to a gentle halt to watch a mother *elk* and *her young* about 50 yards from the road.

A good way to see Sweden is *to stay in a self-catering* chalet. We stayed in Ekshärad in Värmland—a beautiful sparsely-populated area scattered with lakes and forests, which borders Norway. But there are also chalets by the sea, by the fjords and in the southern lakelands. Chalets in the Tor Line programme look like log cabins from the outside but are all equipped to the same standard: they have hot water, fridge, electric cooker, shower, wc, bunk beds, crockery, cutlery, blankets, and central heating if necessary. *Most* have an open fire and our group of chalets had its own well-stocked wood-shed.

Some food is expensive in Scandinavia (woman cannot live *on elk alone), so if you are* taking your car it is sensible tot pack non-perishable basics: Sweden allows you to import 15 kilos of food for each person *over 12 years old*. In June or August, seven nights in a four-person chalet, economy cabin *on a ferry from Felixstowe*, to include the car, costs £85 per person. This price does not include meals on board, or in the chalet, bed-linen, or petrol. Alternatively, since the Swedes are so keen on outdoor living, you could follow their example and take a canoeing and/or camping holiday.

Tor Line can provide vouchers exchangeable at 290 camp sites in Sweden, all with excellent *facilities*, and *under* Swedish law you are entitled to pitch your tent virtually anywhere you fancy—as long as it isn't someone's garden.

Even if, like me, sailing holds no attraction for you, I do urge you to try canoeing. As long as you can tell your left from your right, two people can enjoy the tranquility of floating across *lakes set in idyllic* scenery, listening only to the dip of the paddle and the occasional dab*chick or coot. However, if you* are the Outward Bound type you can start off from the Nordmarken Canoe Centre near Arjäng in West Värmland and take advantage of the hundreds of miles of interconnecting rivers and lakes. Pack your canoe *with what you need* and you can camp overnight in open-fronted log cabins specially built on stilts by the lakesides.

Or you can fish (permission is usually required but is easily obtainable); hire a horse or a bicycle and get even further off the beaten track—you can take your bike free on Tor Line's ships. And you can swim *wherever you like* in Sweden's 9,600 lakes, some of which have lidos and jetties.

ADDRESSES: Tor Line, Axzal House, Trinity Ave., Felixstowe, Suffolk. Swedish National Tourist Office, 3, Cork St., London, W.1.

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ARTS

She is Gonne

RADIO
ANTHONY CURTIS

"I was 23 years old when the troubling of my life began," wrote W. B. Yeats of the impact upon him of Maud Gonne. She was the heroine of *The Countess Cathleen* (Radio 4, April 30), by Maurice Leitch, the last programme in the series *Key Figures*. On radio Denys Hawthorne, who spoke the part of Yeats with the requisite proud resonance, said "trouble of my life" rather than "troubling." This is the kind of thing that absolutely no one minds about except a critic so why bother to mention it? It is a minute cavil but the original means something different and is more beautiful, that's all. So many necessary simplifications do have to be made when radio tackles these great figures and their relations week by week and turns them into acceptable 45-minute packages of sound and voice that one resents the unnecessary ones.

On the whole this radio portrait was, I am glad to say, a most acceptable mixture of *straight narration and animated* documentary; every so often it seemed poised to take off into the realms of pure drama but then it came back to earth. To be sure in the passion of the poet for this woman patriot with her free spirit, her physical loveliness, her aristocratic background, and her Parisian upbringing, there was plenty of material for theatre of an old-fashioned kind, not least the death of her child and the shock wrought upon Yeats's consciousness when he heard that she had married. Sian Phillips spoke Maud Gonne's words and even through the blind medium of radio one sensed Maud's irresistible attractions as much as her maddening impetuosity. Michael Mac Liammoir and Sean O'Casey were also given their say about her in Alec Reid's efficient production.

Maud Gonne was a liberated woman if ever there was one and it was something of a revelation to me to find two more springing from an unfamiliar regional source, the Manchester school of realistic playwrights. Houghton's *Hindle Wakes* and Brighouse's *Hobson's Choice* were both revived on Radio 4 *(April 29 and May 1) from productions of the 1960s* as part of the extended tribute currently being paid to the memory of Wilfred Pickles. In both these plays Pickles's role was that of the heavy father trying to discipline a headstrong daughter who shows hidden reserves of courage and practicality. Jolly good he was in both parts, taking his double-defeat from both young women on the chin: admiration for his prowess as a straight actor was, however, engulfed by one's sense of how well both plays work to-day. Wesker in particular seems to derive directly from them and even Pinter may have learnt a trick or two. How nice as a bonus to hear Bernard Cribbins as that blossoming apprentice Willie Mossop, Barbara Young as Maggie his spouse, and Billie Whitelaw as the other young woman.

Nowadays the same women would not be battling with their parents over whom they should marry but with their ex-husbands in the courts over who should have custody and control of their children. This was the subject of Jennifer Phillips' play *Daughters of Men* (Radio 4, May 1), where the wife in this fraught situation was played by Judi Dench. The useful device of a social worker's report on the case, read out and punctuated by flashbacks to the explosive episodes which it describes in impersonal professional language, was used by the author to frame the piece. Provided the listener does not switch off in the first five minutes this is as good a way of framing a play as any other. Anyone who did switch off would have missed something well worth hearing. Miss Dench's role was that of a thoroughly modern heroine, that is to say, a woman whose life is a complete mess. She had been the *main* breadwinner while the marriage lasted, earning twice as much as her husband on the fringes of the advertising and book-illustrating world. But that did not do her any good nor did her relationship with her girlfriend and confidante which suddenly turned sour to precipitate the final collapse. In spite of the powerful thunder and lightning of Miss Dench's way with the script it would all have been a bit much had not Jennifer Phillips succeeded in enlivening it with the comedy of a disastrous dinner party halfway through, not particularly relevant but nonetheless welcome. After it was all over we heard a repeat of an interview between Miss Dench and the critic Robert Cushman in which a *very different* and *much more* likeable personality than the one she had been playing emerged.

Lois McDonall, Neil Howlett and Derek Blackwell *Ashley Ashwood*

The Two Foscari

OPERA
RONALD CRICHTON

The English National Opera has added Verdi's Byron opera *The Two Foscari* to its repertory. The first performance, on Thursday night, was well received by a large house. The friendliness may have had about it a measure of goodwill towards the ENO and confidence in the *future*, for to tell the truth the production so far is more a potentially useful vehicle than a positive achievement. In the last century *I due Foscari* was a favourite with managers because the cast and the choral and orchestral forces involved are not large, and while nothing much in the way of spectacle is required, the scenes are laid in Venice and therefore likely to make an effect.

They must have had a ready supply of the right kind of singers. For this first cast, at the Coliseum, the ENO have not been quite so fortunate. Neil Howlett's suffering Doge Francesco Foscari, condemned by laws of state to uphold sentence of banishment for treachery on his own son Jacopo, whom he rightly believes to be innocent, was very fine. Somehow he contrived to reconcile a firm and even vocal line with the physical appearance of advanced and Titianesque old age — if the portrait was less than deeply moving it was not the singer's fault but the difficulty of feeling active sympathy with endless afflictions so passively borne. Mr. Howlett made more than *anyone of the revised English* translation of Rex Lawson.

No one else reached this level. As the wretched son Jacopo, who dies as he is setting out on a prison ship for a second term of Cretan exile at the very moment that the real miscreant makes a deathbed confession, Derek Blackwell, though he showed a certain feeling for the line of Verdi's phrases, was vocally over-parted. His indomitable wife Lucrezia (Marina in Byron's play) was generously but unevenly and sometimes roughly sung by Lois McDonall—all the same there are the makings of an effective performance here. John Tomlinson made as striking a figure out of Loredano, the leader of the bitter opposition against the Doge, as the brief part will allow.

The seemingly timely appearance of the excellent Philips recording of the opera (recently reviewed here) may turn out to have been less than a blessing in disguise. Not because anyone can reasonably expect the ENO to have a Ricciarelli, a Carreras and a Capuccilli up their sleeve, but because Lamberto Gardelli's view of Verdi's music on the recording is more interesting and *more convincing* than that of Sir Charles Groves in the theatre.

Groves plunges into the Prelude with a more extrovert vigour than he usually shows in this pit. Elsewhere there is jolly rough-and-tumble where Gardelli on the records finds a cutting, swift *elegance*—there is much of interest in the music, with vestigial leading-motives and numbers like the fine soprano-baritone duet at the end of act one, where several short sections are cunningly knitted together, Verdi always as it were keeping one move ahead of the listener. In one important scene, the finale to the opera, with the deep bell tolling to announce the election of a new Doge and the death onstage of his deposed predecessor, *Groves's broader treatment* paid off handsomely.

John Blatchley's production is sound in conception but dull and cluttered in detail: touches like the spies noting down the Doge's conversations add little to the atmosphere. The sets by Stefanos Lazaridis on the other hand successfully call up the secret, misty, sinister Venice of "midnight carryings off and drownings." Across the water from the Doge's Palace there can dimly be seen a church closely resembling (in 1457) a Palladio's S. Giorgio. The waves are apparently lapping half way up the façade: clearly Venice was already in dire Peril. Costumes for the principals, the Councillors and their officials are sombrely rich. For the Carnival revellers whose appearance adds a touch of relief to the gloom they are blood-red.

Street Fighting Man

THEATRE
MICHAEL COVENEY

The latest new play at the Traverse in Edinburgh is by John Bett, an actor formerly of 7:84 (Scotland) and, more recently, one of a brilliant trio in John Byrne's *Writer's Cramp*. *Street Fighting Man* is an entertaining squib in which a ridiculously effete young theatre director, dressed in a military jump-suit and silk scarf conducts a technical rehearsal of an atrociously earnest play set in the derelict basement of an old hotel. This "kitchen of the forever damned," stunningly designed by Grant Hicks, has a dumb waiter, an alarmingly battered pile of ovens and peeling walls.

The mock-Pirandellian conceit of the piece resides in the tension generated between the three stereotypd actors and the equally stereotyped roles they play. And, beyond that, there is the silly, screeching director, flouncing on to the stage to bawl out the unseen technicians, the actors themselves and an ingenuous female stage manager who delivers prompts as if they were precious gems.

Mr. Bett's approach may be flippant, but he makes it quite clear whom he likes and whom he does not. Two of the actors, played by Roy Hanlon and Peter Adair, are palpably sympathetic: one *is* a no-nonsense, typical Scottish actor with no time for the director's arty jargon and temperament, while the other is a camp flyweight playing a defrocked priest with obscene, extravagant relish. In a strangely threatening climax, where a soldier bursts in with a machine gun to side with the director and the third actor (an amateur gent of the boards who is also a property owner) the Celtic double act is left cowering in a corner with the stage manager who, we learn, has entered the profession in order to change the world *in the company of others*.

By this time the line between illusion and reality has become delightfully blurred, although we never lose sight of Mr. Bett's critical whiplash views on certain aspects of the contemporary theatre where good intentions are frequently buried in a schizophrenic hesitancy about ordinary showbiz values. There is, in the boisterous writing, a plethora of very funny lines, and the fate of the director, well played by Finlay Welsh, is sealed from the start, when we see him thrashing about in a black-out, a glowing cigarette keeping time with the raucous blare of the Rolling Stones song that gives the piece its title.

THEATRES THIS WEEK ... AND NEXT

QUEENS, HORNCHURCH—*Tommy:* Ingenious production of The Who's rock opera, complete with lights, music, good singing and fifty delightful youngsters. Opened Monday.

STRATFORD-UPON-AVON—*The Taming of the Shrew:* A farcical modern dress production by Michael Bogdanov, which succeeds admirably. Paola Dionisotti is an apt Kate and Jonathan Price a confident Petruchio. Opened Thursday.

GARRICK—*The Homecoming:* A fine revival of this Pinter piece with Timothy West superb as the father and Gemma Jones as the son's wife coming home to menace and malevolence. Opened Monday.

STRATFORD-UPON-AVON — *The Tempest:* Unmagical, competent RSC production by Clifford Williams with Michael Hordern as a vivid, but earth-bound Prospero. Opened Tuesday.

VICTORIA PALACE—*Annie:* This Broadway hit, based on the American cartoon strip, is certain of a long *stay* in London. Catchy tunes, good designs, and strong performances. Opened Wednesday.

The Chichester Festival Theatre season starts on Tuesday with Oscar Wilde's *A Woman of No Importance.* At Stratford-upon-Avon, in the Other Place, the RSC revive *The Merchant of Venice* on Thursday and, on the same night, Paul Scofield opens in Manchester, at the Royal Exchange, in *A Family* by Ronald Harwood. In London, Wesker's *Roots* is at the Shaw from Monday; the Pip Simmons group presents a rock version of *The Tempest* at the Riverside Studios on Tuesday; and, on Wednesday, Sir Ralph Richardson opens in a new thriller, *Alice's Boys*, at the Savoy. On Thursday, a new play by Snoo Wilson, *The Glad Hand*, opens at the Royal Court.

SALEROOM
ANTONY THORNCROFT

An icon from the Cretan School of The Lamentation, produced near the end of the 16th century, sold for £16,000, plus the 10 per cent. buyer's premium, at Christie's yesterday. It was bought by the German dealer Kadri for a sum which was over twice its forecast. The sale totalled £167,995.

An early 17th century icon from the same school, depicting the Presentation of Christ in the Temple, was bought by the same dealer for £6,000, and an anonymous bidder gave the same sum for a "Head of the Virgin" from the same source. A late 17th century icon of the Cretan School showing St George Slaying the Dragon, and signed "By the hand of Victor," one of the three leading artists who left Crete for Venice after the island was taken by the Turks, sold for £7,000. The Temple Gallery of London gave £4,600 for a Macedonian icon of the 17th century of St Panteleimon.

A sale of English pictures, also at Christie's yesterday, realised £62,085, with O. and P. Johnson, the London dealer, paying £3,000 for a Portrait of Lady Anne Erskine, second daughter of John, Earl of Mar and wife of the sixth Earl of Rothes.

At a sale of Chinese ceramics, hardstones and works of arts, conducted by Christie's in New York on Thursday, an early 18th century brilliant pale greenish-white jade koro and cover made £13,296 ($24,200). It was bought by Rare Art, a New York dealer, in a sale which realised £238,629.

The English furniture sale at Sothebys totalled £46,515. The top price was the £3,200 for a Queen Anne walnut bureau cabinet. A George I burr-maple cabinet on stand went for £1,800.

Bonhams sale of jewels and objects of vertu brought in £42,154, with 14 pe rcent. unsold. A Dutch tobacco box made in Amsterdam in 1749 made the top price of £2,100.

TV/Radio

BBC 1

9.00 a.m. Teddy Edward. 9.05 Arlott and Trueman on Cricket. 9.30 Multi-Coloured Swap Shop. 11.30 Cup Final Grandstand: The 1978 FA Cup Final, Arsenal v. Ipswich Town, 11.30 Cup Final Morning. 12.00 The Road to Wembley. 12.10 p.m. News Headlines; Cup Final Mastermind (12.12); 12.40 The Cup Final Managers; Gymnastics: Champions All (12.50) Champions All Trophy: commentary; Inside Wembley (1.20); The FA Cup Final (3.00) commentary: 3.45 Half-time marching display: 3.55 The FA Cup Final: second-half; 4.45 Presentation of the Cup and Medals by Princess Alexandra; 4.55 Meet the Winners.
5.10 The Mickey Mouse Club.
5.35 News.
5.45 Sport/Regional News.
5.50 Fish.
6.15 Rolf on Saturday—OK?
6.45 Saturday Night at the Movies: "Flight from Ashiya," starring Yul Brynner, Richard Widmark.
8.25 The Val Doonican Music Show.
9.10 Kojak.
10.00 News.
10.10 Cup Final Match of the Day.
11.10 Saturday Night at the Mill.
12.00 Weatherman.

All regions as BBC 1 except at the following times:

Wales—8.40 a.m. Arlott and Trueman on Cricket. 9.05-9.30 Teliffant. 12.00 News and Weather for Wales.

Scotland—11.30 a.m. "Branded," film starring Alan Ladd. 1.00-3.10 p.m. Scottish Cup Final: Rangers v Aberdeen. 5.45-5.50 Scoreboard. 10.10-11.10 Sportscene Special. 12.00 News and Weather for Scotland.

Northern Ireland—5.45-5.50 p.m. Northern Ireland News and Sport. 12.00 News and Weather for Northern Ireland.

BBC 2

7.40 a.m. Open University.
†2.50 a.m. Saturday Cinema: "Dinner at Eight."
4.40 The Money Programme.
5.25 Arena: Art and Design.
6.00 Planets.
7.00 Open Door.
7.30 News.
7.45 Don't Quote Me.
8.15 The Lively Arts — In Performance: Welsh National Opera "A Midsummer Night's Dream" (with Radio 3 stereo).
11.00 Second City Firsts.
11.30 News.
11.35 M*A*S*H.
†12.00 Midnight Movie: "Forbidden."

LONDON

8.40 a.m. Sesame Street. 9.40 "The Heroes Of Telemark," starring Kirk Douglas and Richard Harris.
12.00 World of Sport: 12.05 p.m. Cup Final On The Ball; 12.30 News; 12.35 Wrestling; 1.15 Wembley '78; 2.05 Racing from Newmarket: 2,000 Guineas Stakes; 2.30 Wembley '78; 2.50 The Presentation; 3.00 The Kick-off; 3.45 Half-time Verdict; 3.55 The Second Half; 4.40 The Final Whistle.
5.10 News.
5.20 Happy Days.
5.50 The Life And Times Of Grizzly Adams.
6.45 Celebrity Squares.
7.30 Saturday Showtime.
8.30 Sale Of The Century.
9.00 Scorpion Tales.
10.00 News.
10.15 The South Bank Show.
11.15 Executive Suite.
12.15 Stars On Ice.
12.45 Close—A poem read by Neville Jason.

All IBA regions as London except at the following times:—

ANGLIA
9.10 a.m. Undersea World of Captain Nemo. 9.30 Tiswas. 10.20 Funky Phantom. 10.45 Tiswas. 11.15 p.m. "Richie Brockelman." TV Movie. 12.30 a.m. At the End of the Day.

ATV
9.05 a.m. Mum's the Word. 9.30 Tiswas. 5.20 p.m. Six Million Dollar Man. 6.15 Celebrity Squares. 7.00 Saturday Showtime. 8.00 Streets of San Francisco. 11.15 Rich Man, Poor Man.

BORDER
9.05 a.m. Build Your Own Boat. 9.30 Tiswas. 11.15 p.m. The Outsiders.

CHANNEL
11.48 a.m. Puffin's Plaifice. 11.15 p.m. The Mystery Thriller: "Young and Innocent." 12.40 a.m. Weather.

GRAMPIAN
9.00 a.m. Scene on Saturday. 9.30 Spiderman. 9.55 The Clue Club. 10.25 Island of Adventure. 11.05 Space 1999. 12.00 Cartoon. "The Three Musketeers." 12.45 p.m. World of Sport. 1.05 News. 1.15 Gymnastics. 1.25 Wrestling. 2.25 Cup Latest. 2.30 Wrestling. 2.45 Scottish Cup Final. 4.40 Results Service. 11.15 Richie Brockelman. 12.15 a.m. Reflections.

GRANADA
9.30 Tiswas. 10.20 Dynomutt The Dog Wonder. 10.45 Tiswas continued. 11.15 p.m. House of Horrors.

HTV
9.05 a.m. Build Your Own Boat. 9.30 Tiswas. 10.20 Westway. 10.45 Tiswas. 11.15 p.m. Within These Walls. 12.10 a.m. Weather.

HTV Cymru/Wales—As HTV General Service except: 5.20-5.50 Canolfan.

SCOTTISH
9.00 a.m. Build Your Own Boat. 9.30 Saturday Adventure. 11.05 The Bionic Woman. 12.45 p.m. Scotsport Cup Final Special. 1.05 News. 1.10 Gymnastics: 1.25 Wrestling: 2.25 Hampden Park Preview. 2.30 Wrestling: 2.45 The Scottish Cup Final. 4.40 Results Roundup. 5.20 [illegible] 11.15 Late Call. 11.20 The Sweeney.

SOUTHERN
8.35 a.m. Weekend. 5.20 p.m. Batman. 11.15 Richie Brockelman Private Eye. 12.30 a.m. Southern News. 12.35 Weather followed by Survival in Belfast.

TYNE TEES
9.10 a.m. Lyn's Look In. 9.30 "The Heroes of Telemark." 5.05 p.m. News. 5.20 Laverne and Shirley. 11.15 Celebrity Concert: Paul Williams. 12.15 a.m. Epilogue.

ULSTER
10.00 a.m. Saturday Morning Movie: "The Man Called Flintstone." 11.20 Rainbow. 11.45 Woody Woodpecker. 5.20 p.m. Beverly Hillbillies. 9.58 Sports Results. 11.15 Police Woman.

WESTWARD
9.00 a.m. The Lost Islands. 9.25 Cartoon-time. *11.15 p.m. The Mystery Thriller: "Young and Innocent." 12.40 a.m. Faith for Life.

YORKSHIRE
9.50 a.m. You Can Make It. 9.15 The Adventures of Muhammad Ali. 11.15 p.m. The Outsiders.

RADIO 1 247m
(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 8.06 Ed Stewart with Junior Choice (S). 10.00 Adrian Juste. 12.00 Paul Gambaccini. 1.31 p.m. [illegible] 2.30 Alan Freeman (S). 5.31 [illegible] 6.30 In Concert [illegible] 7.30-2.02 a.m. As Radio 2.

VHF Radios 1 and 2—5.00 a.m. With Radio 2. 8.06 With Radio 1. 10.00 With Radio 2. 1.30 p.m. With Radio 1. 7.30-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. [illegible] 8.02 Tom Edwards with [illegible] (S) including 8.03 [illegible] 8.06 As Radio 1. 10.02 [illegible] 12.02 p.m. [illegible] 1.02 Punch Line. 1.30-5.55 [illegible] Cup Final (1.30, 2.00, 2.50, 5.00): News of Scottish Cup Final: Racing from Newmarket (1.50, 2.10, 3.40): Cricket: (1.30, 2.00, 4.30, 5.40) Yorkshire v. The Pakistan Touring Team: News of Benson and Hedges Cup matches: News of Motor Racing, Motor Cycling and Tennis. 6.03 European Music Game. 7.02 Windsor Davies Presents. . . . 7.30 Sports Desk. 7.33 Radio 2 Top Tunes (S). 8.15 James Moody (S). 8.30 Take Your Partners (S). 9.30 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.10 Peter Wheeler with The Late Show (S) including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF
‡ Medium Wave only

‡7.55 a.m. Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release of music by C. P. E. Bach, Haydn, Mozart. 11.35 BBC Northern Symphony Orchestra: Britten, Moeran (S). 12.55 p.m. News. 1.00 Paintings in Close-Up. 1.15 Simpson and Beethoven (S). 2.20 Man of Action William Trevor (S). 3.35 Music of the Masters by Mozart, Blacher, Dvorak (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Shostakovich and Brahms (S). 7.10 Islam in the Modern World. 8.15 A Midsummer Night's Dream (S) (simultaneous with BBC-2 television). 11.00 The Garden in May. 11.20 Sounds Interesting (S). 11.40 News. 11.45 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-8.00 a.m. Open University.

RADIO 4
434m, 330m, 285m and VHF

6.30 a.m. News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather. 8.00 News. 8.10 Sport on 4. 8.40 Yesterday in Parliament. 8.55 Conservative Party Political Broadcast. 9.00 News. 9.05 International Assignment. 9.30 The Week in Westminster. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week. 11.20 Time for Verse. 11.30 Science Now. 12.00 News. 12.02 p.m. Away from It All. 12.27 Thrice Round the Horne. 12.55 Weather. 1.00 News. 1.15 Any Questions? 2.00 War and Peace. 3.00 News. 3.05 Does He Take Sugar? 3.35 Music of the Masters. 5.00 Kaleidoscope Encore. 5.30 Week Ending . . . (S). 5.55 Weather. 6.00 News. 6.15 Desert Island Discs. 6.50 Stop the Week with Robert Robinson. 7.30 These You Have Loved (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 The Age of Operetta (S). 11.00 Lighten Our Darkness. 11.15 News.

BBC Radio London
206m and 94.9 VHF

5.00 a.m. As Radio 2. 7.32 Good Fishing. 8.00 News. 8.15 The London Gardener. 8.35 David Kremer. 11.30 The Robbie Vincent Saturday Show. 2.00 p.m. Bob Powell with London Country. 4.30 Marjorie Bilbow with Close Up. 5.00 Guideline. 6.00-Close As Radio 2.

London Broadcasting
261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M. with Dickie Arbiter. 10.00 Jellybone with Therese Birch. 1.00 p.m. Saturday Sport. 6.00 After Six with Ian Gilchrist. 6.30 Hugh and You with Hugh Williams. 7.00 Goet Mala. 8.00 Saturday Music. 9.00 Nightline with Alan Nin. 1.00 a.m. Night Extra with Hugh Williams.

Capital Radio
194m and 95.8 VHF

6.00 a.m. Breakfast Show (S). 9.00 Capital Countdown (S). 12.00 Kenny Everett (S). 2.00 p.m. Afternoon Delight (S). 5.00 Person to Person (S). 6.00 Soul Spectrum (S). 9.00 Nicky Horne (S). 11.00 Mike Allen's American Dream (S). 12.00 Mike Allen's Backseat Boogie (S). 2.00 a.m. Night Flight (S).

CHESS SOLUTIONS

Solution to Position No. 214

The key plan is to exchange queens and a pair of rooks, after which the remaining rook and knight can attack the weak QNP. The game went 1 QxQ, RxQ; 2 R-R5! R-N2; 3 R1-Q5, P-R4; 4 R(Q)-N5, R3-N3; 5 RxR, RxR; 6 N-Q3, B-R3; 7 N-N3, K-B1; 8 N-B4, RB3; 9 K-B1, K-K2; 10 R-R4, K-K3; 11 RxP and won quickly. Full solution credit if you visualised doubling rooks on the fifth.

Solution to Problem No. 214

1 N-Q4. If 1...K-N5; 2 Q-QR2, K-B6 (K-B4; 3 B-B5); 3 Q-N3. If 1...K-B5; 2 B-B5, K-B6; 3 Q-B2. If 1...K-Q3; 2 Q-N5, KB4 (or K-B2; 3 B-B4, or K-K4; 3 Q-K6, or K-K2; 3 Q-B5); 3 B-B5

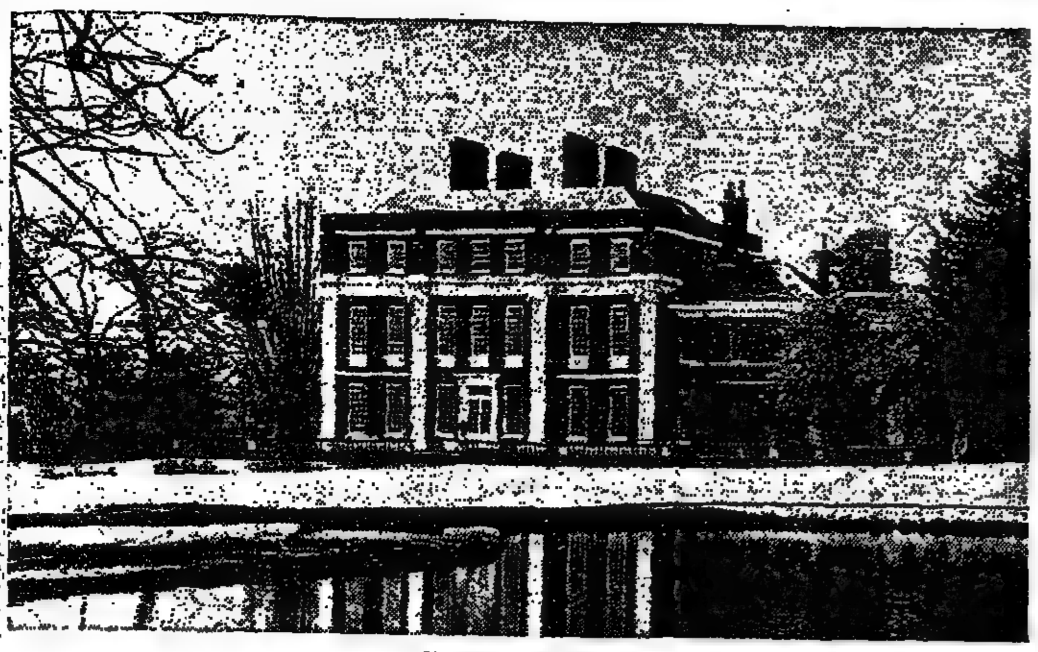
Jack Shepherd is having quite a televisual week-end. See him to-night (ITV 9.00 p.m.) in Scorpion Tales, and on Sunday (BBC-2 9.55 p.m.) in The Devil's Crown.

WEEKEND CHOICE

This week-end belongs to the Cup Final, Jack Shepherd, and **A Midsummer Night's Dream.** The football commandeers two channels, play starts at 3.00 p.m., and you get David Coleman's commentary on BBC 1 and Brian Moore's on ITV. Jack Shepherd appears with Angela Down in ATV's play **Killing** to-night, then as Thomas Becket in Part 2 of **The Devil's Crown** on BBC2 *to-morrow*. (He also takes the lead in ITV's **Two Days That Shook the Branch** on Tuesday). The week-end's first **Midsummer Night's Dream** is the Welsh National Opera version on BBC2 to-night, and the second is the Royal Ballet's in the opening programme of **Dance Month** on BBC to-morrow.

Ben Hur, which ITV transmit to-morrow night, is one of those films that really should be seen in the cinema. Try instead **Murder Most English** on BBC1 if you missed the first broadcast: a marvellous English comedy thriller. In pace, emphasis and finesse it contrasts delightfully with, say, **Kojak** (to-night, BBC1). C.D.

COLLECTING


Wateringbury Place

A county event

BY JANET MARSH

HERE IS nothing quite like a country house sale. Even a odest one can grow to be a ounty event; and the big ones ave the atmosphere of Ascot. arking may be a problem and ine times out of ten it seems rain (in high summer Mentore managed to be a morass) ut it hardly matters. Even the iles of traffic jams on the road Mentmore only seemed part f the picnic spirit.

There is, often, of course, a lightly ghoulish fascination at e dissection of a household metimes built up over nturies (when Christie's sold lalahide in Ireland a year or ago, the Talbot family had en in residence for 500 ars).

For the sensitive there is thing deeply melancholy this dispersal of lives and ditions. I remember once in e of the grandest houses in e country discovering in the rner of a stately Adam droom a squalid little eened-off cubicle with broken an, rumpled sheets, a amber pot and broken lamp ere the late owner had tried create a warm corner in the lly grandeur he could no ger afford to heat.

ale lots have quite a different k when they appear in their n habitat, in the furnishings the cream bedroom or the liards room corridor, than in limbo of the salerooms. And re are juxtapositions in the alogue that you would never in Bond Street: Chippene masterpieces side by side h garden rollers and pairs of ls (one torn and mended).

There is, in fact, no ancholy sentiment about the outstanding house sales to held this month by Christie's Childwick Bury, St. Albans, Wateringbury Place, Maidne. Both of them are being bosed of by living owners simply want to move on to ewhere else more conient. Nor is either of them kind of accumulation that grown up over years and erations and where the ies and outhouses are likely yield up some masterpiece a Georgian furniture maker t was thrown there when it became raggy a century and more ago.

At Childwick Bury, a wandering seventeenth century house, the outstanding collections of early and mid-18th century English furniture, of sporting paintings and Old Masters and Chinese porcelain (most of the pictures and porcelain are in fact to be sold in London) has been formed largely since the Second World War by Mr. H. J. Joel, the bloodstock breeder and racehorse owner, and his father.

Wateringbury Place has been created, or rather re-created, in a single generation. The lovely Queen Anne house, modelled on Winde's Buckingham House, was built in 1707 by Sir Thomas Style, and remained in his family until 1839. More than a century later, in 1945, David Style, great-great-grandson of the last Style to have lived there, bought back the house and restored it from a derelict state.

The fine collection of family portraits of the 16th and 17th century had remained intact in South Africa; and around them Mr. Style furnished the house with a combination of decorator's flair and a very keen connoisseurship. The selectivity of his collection of Regency and Chinese furniture can in part be explained by his special position as (in Christie's delicate wording) a marchand amateur.

It is extarordinary to look back, through the catalogues of these sales, on the kind of things it was still possible to buy for conceivable sums in the post-war years: the splendid Boulle bureau Mazarin that once belonged to Horace Walpole and the suites of Kent furniture at Wateringbury; the superb walnut and the commodes thought to be by William Vile, at Childwick.

Each of the sales is confidently expected to realise at least £1m. Before Mentmore, no house sale had come near that magic figure.

Are prices higher at house sales, to justify the expense of the marquees and the armies of clerks and porters who have to be brought from London? Clearly the atmosphere, the new buyers who normally never go near auctions, the fact that having come so far dealers cannot go back empty-handed, inevitably have their effect. But the kind of outstanding quality lots that abound at Wateringbury and Childwick Bury would make their price anywhere; and if there is a certain premium on the more modest lots and even on the contents of the servants' bedrooms and garden shed, it is no doubt worth it to the buyer in terms of provenance and association.

Entry to the Childwick Bury sale (May 15-17), the Wateringbury Place sale (May 31-June 2) and their view days (at Wateringbury over the Bank Holiday week-end) will be only by catalogue which costs around £5 a volume, and already evokes the spirit of the event, with a guide to how you arrive by land or air and details of the catering by Letheby and Christopher, the racecourse caterers. "No oysters, we're afraid: but smoked fish lunches no doubt . . ."

TV RATINGS

Britain's audience counters are usually put out by Bank holidays and the like so we will have to wait a few days before we know what happened to U.K. audiences last week. With no holidays inthe way the Americans produced their figures, showing once again that Prime Time comedy rules the roost, but that those highly polished ever-lasting "drama" series blandly soak up leisure hours across the States. It all helps to take your mind off the uncomfortable reality outside.

A.S.

U.S. TOP TEN
Nielsen Ratings

1.	Three's Company (ABC) (Comedy)	26.7
2.	Vegas (ABC) (Film)	26.0
3.	Laverne and Shirley (Comedy) (Comedy)	25.6
4.	Alice (CBS) (Comedy)	24.3
5.	Happy Days (ABC) (Comedy)	23.9
6.	All in the Family (CBS) (Comedy)	23.8
7.	One Day at a Time (CBS) (Drama)	23.2
8.	Charlies Angels (ABC) (Drama)	23.2
9.	Cheerleader Championship (CBS)	22.6
10.	Starsky and Hutch (ABC) (Drama)	21.8

A Neilsen rating is not a numerical total.

Every detail receives attention

This illuminated Spanish manuscript was discovered amongst a large collection of books sent to Sotheby's for sale. It contains no mention of the title of the book or of the author. A tiny added signature at the top of one miniature, however, was the clue which solved the identification. Our experts recognised it as the ownership mark of the Aragonese historian Gerónimo Zurita (1512-1580), proving that it is his long-lost manuscript (last recorded in 1678), writted by a 14th century Franciscan. It records a journey around North Africa, Europe and the Far East, shortly after Marco Polo. It will be sold on 11th July and is now expected to realise in the region of £8,000.

The appraisal and valuation of a work of art requires specialist knowledge and attention to detail.

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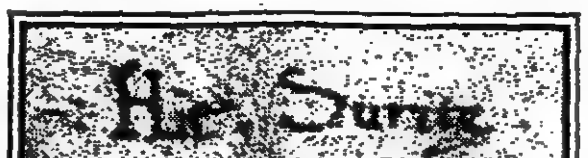

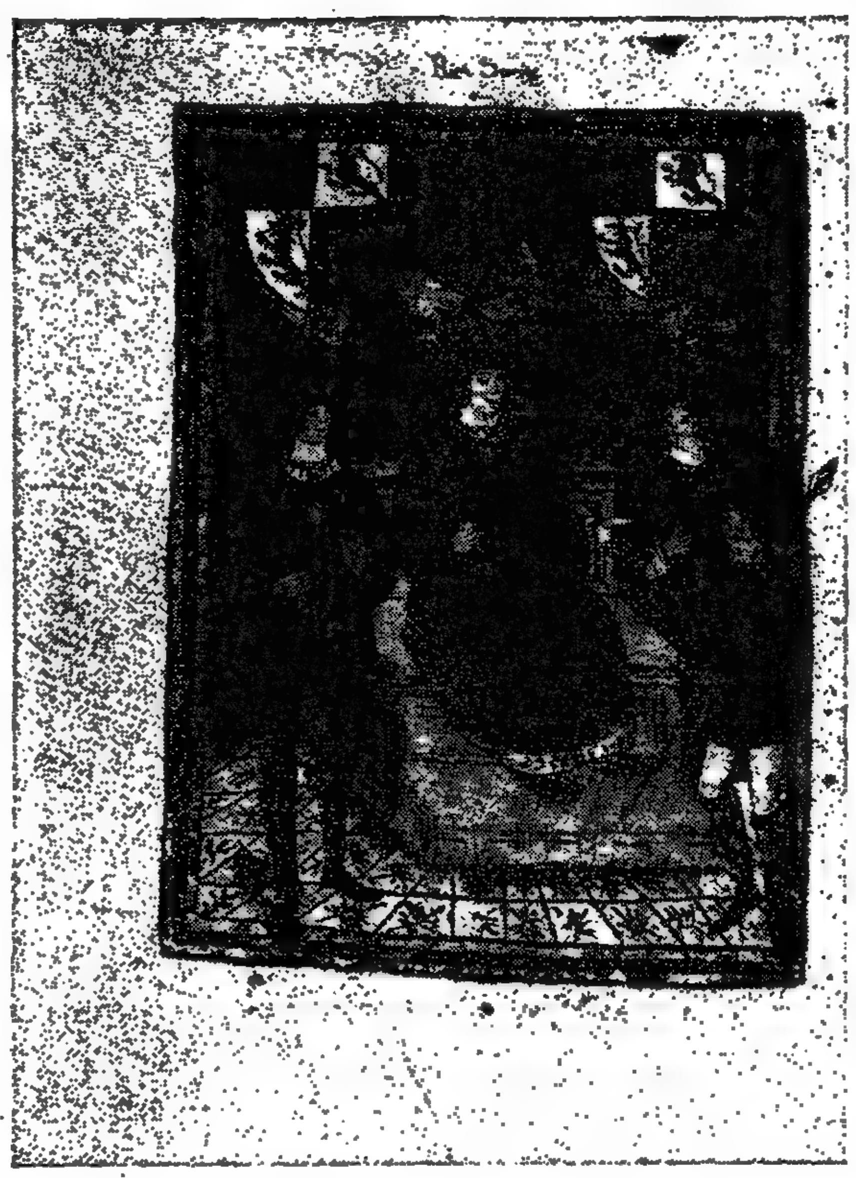

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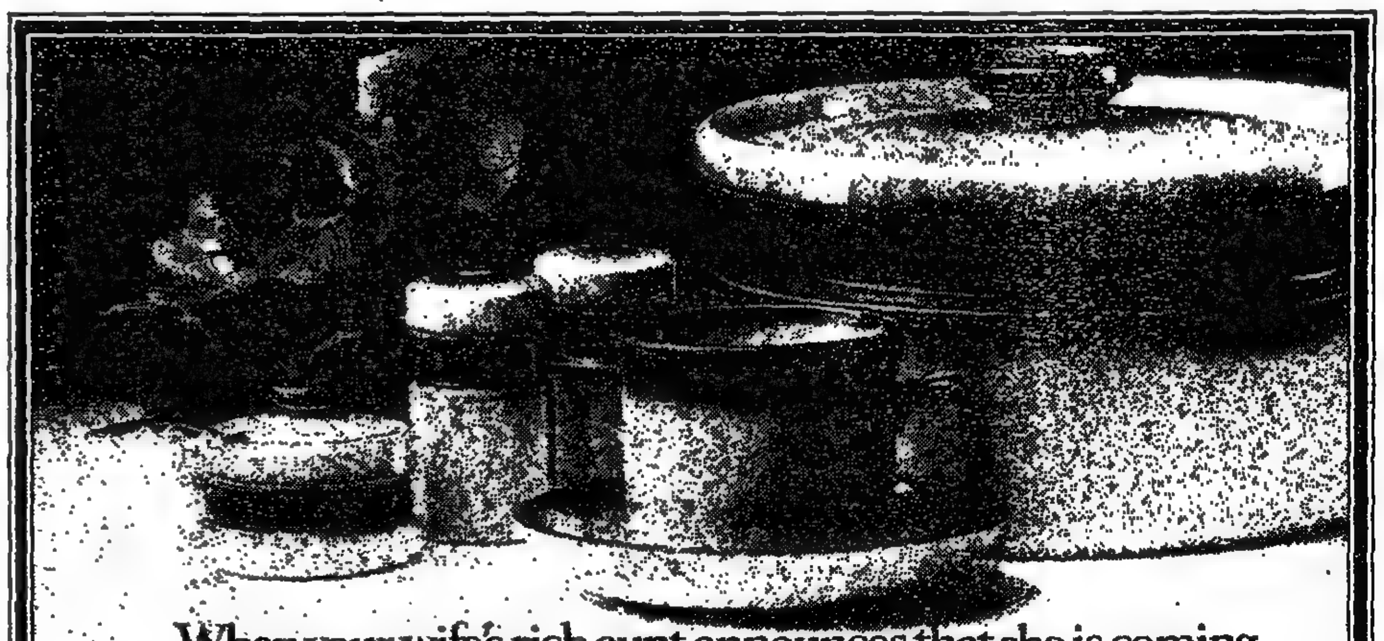

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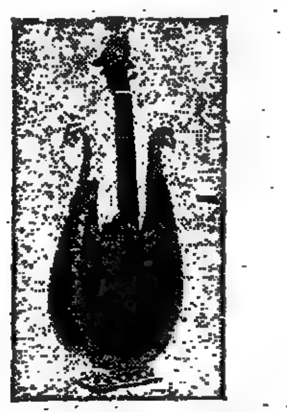
Lyre Guitar by Harley. London, circa 1810. Sale, Wednesday, May 17

The Lyre Guitar was one of the several modifications of the six-string Spanish guitar which came into being mainly as an instrument for amateurs, at the beginning of the 19th century. Both in shape and decoration such instruments reflect the influence of the "antique elegance" of the Neo Classic era to which they belong. The present example is by Harley, a London maker. Also included in the sale on May 17 is a rare mid-18th century French Horn by another London maker, John Christopher Hofmaster, obviously of German origin, who worked in Piccadilly in 1751-63.

Also in this sale is a fine violin by Jean Gosselin dated 1828. Gosselin worked in Paris between 1818 and 1852 and described himself on his labels as an amateur. In fact he was one of the finest of all copyists of Stradivari and the violin in the present sale is a companion piece to the one in the Rudolph Wurlitzer Collection book of 1931.

For further information on items in Christie's sale of Musical Instruments, Books and Musical Miscellanea on Wednesday, May 17 at 11 a.m., please contact Edward Croft Murray or Rosslyn Neave at the address above.

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ART GALLERIES

ASH BARN now open. Spring Exhibition of paintings and sculpture (300 works including outdoor sculpture). Open daily 10-6. Sundays 2-6. Closed Mondays. Winchester Road, Stroud, Petersfield, Hampshire. Tel. 0730 3862.

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WILDENSTEIN: A Loan Exhibition of TWENTY MASTERPIECES FROM THE NATALE LABIA COLLECTION. Weekdays 10-5.30; Saturdays 10-12.30. Until 26th May. Admission 30p in aid of the City of Birmingham Appeal Fund. 147, New Bond Street, W.1.

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Saturday May 6 1978

Provisional balance

THE STOCK market has for most of this week been confidently expecting the rise in Minimum Lending Rate which did not take place last week. When the Bank of England let it be known on Thursday, moreover, that it would not seek to oppose the strong upward pressure on money market rates and would leave market forces free to settle the level of MLR, it was generally assumed that the rise would be substantial—to a point, in fact, from which a fall seemed more likely than another rise—and that the Government would promptly issue a new short-dated stock which the public would be ready to buy. MLR did rise quite sharply yesterday, from 7½ to 8¾ per cent. But the most common expectation had been 9 per cent., and there was no new issue: the new balance is essentially provisional.

Earlier in the week the Treasury had announced a drop of no less than $3.3bn. in the official reserves, and this may have sharpened anticipation of higher interest rates. But a third of this drop was due to advance repayment of foreign currency loans, and the Government had made no secret of the fact that there was heavy intervention in the foreign exchange market to check the decline in the sterling rate. This intervention suggests that it believes something like the present rate is right on competitive grounds and is ready to lose a part of the hot money that flooded in when the dollar was weak. It is not the reserves as such which worry the financial markets but uncertainty about the balance of payments.

Budget doubts

In addition to this uncertainty, which is the more worrying because the balance of payments seemed until recently the one feature of the economic outlook one could afford to ignore for the time being, two factors have been responsible for the rise in interest rates—one domestic, one external. The domestic factor is the size of the public borrowing requirement implied by the Budget proposals and doubts about the Government's ability to finance it at present rates without unduly inflating the money supply. The Chancellor himself recognised that there would be doubts of this kind when he announced a rise in MLR from 6½ to 7½ per cent. in the Budget speech itself. But they were only increased by hints—hastily withdrawn—that there might be further tax cuts before long and by the possibility that further cuts would be forced on the Government in the debate on the Finance Bill.

The external factor is the new determination of the U.S. authorities, with the Administration and the Federal Reserve apparently in general agreement, to tackle the weakness of the dollar and move against the possibility of accelerating inflation. The recent stabilisation of the dollar exchange rate is one major reason for the decline in sterling, while the rise in interest rates which has helped to bring it about has undoubtedly had some effect on expectations here. Although the Government does not need to keep rates strictly in line with those in the U.S. to protect the reserve, which still exceeds $17bn., it cannot afford to overlook altogether what is happening over there.

U.S. rates

That is plainly the feeling in our own financial markets. Since the Government has to sell stock in these markets to cover its borrowing needs and finds it extremely difficult to do so when interest rates are expected to rise, it has little choice but to pay considerable attention to market expectations. But the balance reached yesterday by allowing the discount market to settle the level of MLR for itself is, as already suggested, provisional. It is possible that the Government will put its seal of approval on 8¾ per cent. by issuing a new short-dated stock next week or that the banks will do so by bringing their base rates into line with it: the building societies will certainly take longer to reach a decision and may be more inclined to move investment than mortgage rates.

But there are various things in the offing which could quickly upset any attempt to establish 8¾ per cent. as a durable MLR. Next week it will become clear whether or not the tax proposals of the Budget are to be upset and, if so, how the Chancellor will react. On the following Monday come the April trade figures and, a few days after that, the latest information about the growth of the money supply. If all this turns out well, the Government could begin to sell stock again. But until all this is out of the way, and until it is clear whether interest rates in the U.S. are going to rise further — the latest inflationary indicators over there are far from encouraging—it would be optimistic to count on any clear trend in the stock markets.

THE FUTURE OF TELEVISION

Impatient wait for the 4th channel picture to clear

BY ARTHUR SANDLES

FOR THE moment Britain's television companies are pleasantly placed financially. The commercial contractors are seeing their revenues rise by between a quarter and one third compared with the same period last year, and even the BBC is moving towards a stage where it might start offering biscuits with its coffee once more. The pundits are suggesting that with an election in the air Government is unlikely to reverse expansionist ideas and thus advertising will continue to flow, with 20 per cent. being the generally accepted prediction for overall revenue growth in ITV in the current year. With the Price Commission having until recently taken a somewhat naive view of advertising rate cards (looking at the published tariffs and forgetting such sophistications as prime time surcharges) all in the garden must surely look rosy. But such is not the case. Beneath the apparent joy rumbles considerable discontent over the Government's cavalier attitude towards the industry, and increasing sounds of abuse are being heard from the world of advertising.

It is not hard to trace the source of irritation with the Government. The BBC feels that the nettle of the licence fee has remained ungripped for far too long. The move towards an annual review of licence fee levels is regarded within the Corporation as little short of disastrous, affecting as it does long term planning and providing a background against which Ministers could be tempted into a "behave yourself or we'll not give you an increase" attitude. Lord Windlesham, managing director of ATV Network, recently made it brutally clear that the fond belief held by the British that their politicians did not attempt to interfere with broacasters was sadly misplaced and a succession of BBC notables have made the point about the sensitive nature of Governmental/broadcasting relationships.

But, as far as the commercial companies are concerned, the annoyance is not so much over actions as inactivity. All the companies put considerable effort into preparation for the report of Lord Annan into the Future of Broadcasting. Annan and his team worked for two years and presented their report more than a year ago. Whatever abuse was heaped upon his head as a result of the findings the report scarcely deserved the fate of total neglect, which seems to have been Governmental reaction. Swift decisions were promised, then delayed, a White Paper was mooted (and still is) then it too was delayed. Further representations were invited from interested parties, and these too, it seems, have disappeared into some dusty Whitehall file.

Sir Denis Forman, chairman and joint managing director of Granada Television, was moved to say recently: "Now (at the end of March) the realisation has dawned that there may not be a White Paper at all, and so far as this parliament is concerned broadcasting may have no future. So the life span of the broadcasting authorities, already extended by one year to 1979, will be stretched for a further two years and five months to allow for further thought, further discussion, fuller consideration, and a general election."

Forman suggests a view of what has happened which is widely echoed in the industry. "This document (a draft of the White Paper) drafted into the higher stratosphere of Government where the persons concerned, quite naturally being pre-occupied with more pressing matters, had not read all of the Annan Report, not heard much of the great debate, not seen the submissions of the interested parties to the Home Office, indeed had seen very little except the Minister's final proposals, which they set about to question *ab initio*."

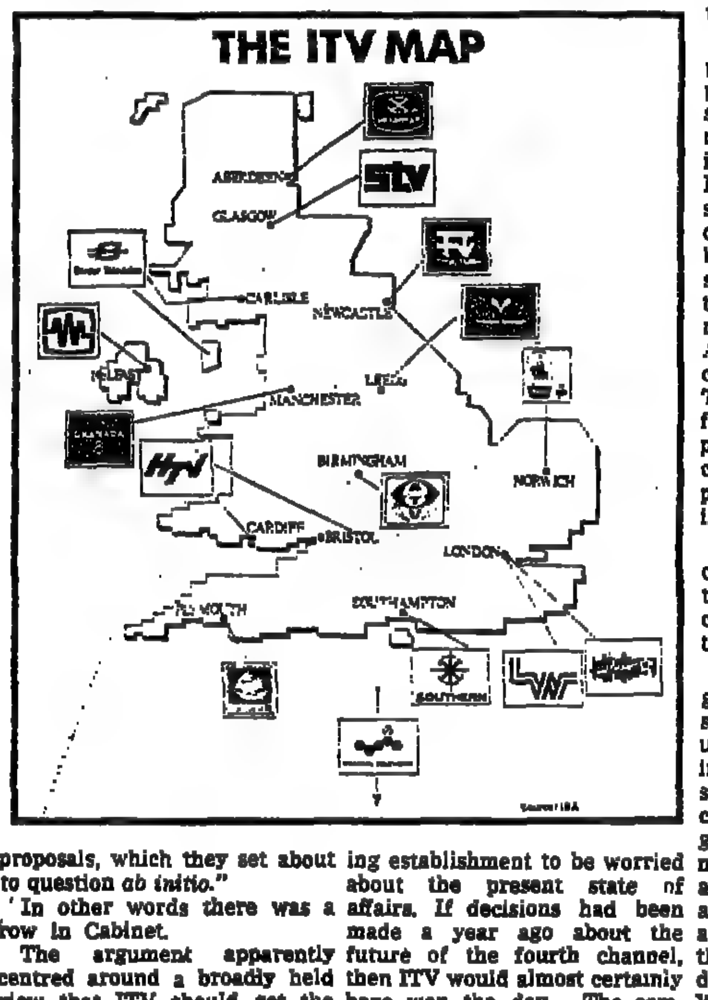
In other words there was a row in Cabinet.

The argument apparently centred around a broadly held view that ITV should get the fourth television channel. This naturally enough upset the Labour left but the alternative, another publicly financed channel, meant unacceptable commitments to public spending. At this impasse the White Paper was pushed *to* one side, and probably died as a result.

That so *much time* and money should have been *spent* on producing such a predictable event was upsetting, but there is another reason for the broadcasting establishment to be worried about the present state of affairs. If decisions had been made a year ago about the future of the fourth channel, then ITV would almost certainly have won the day. The companies would like to run ITV-2 as a co-operative, offering complementary programming to ITV-1 in much the same way as the BBC runs its two channels. Here would be another advertising medium, but one which was under the control of the present broadcasters and one which would not therefore offer too great a commercial threat. For the BBC it was not too awesome a prospect either, better more of the competitor known than some novelty which could rock the broadcasting boat.

Three men at the heart of the debate on television's future. From left to right, Sir Denis Forman, of Granada Television, Lord Windlesham, and Lord Annan.

THE ITV MAP



A year ago ITV had the support of much of the Labour party and probably all but a small minority of Tory parliamentary opinion. The balance is almost certainly still in ITV's favour, but there are signs that a campaign to introduce a third party into the broadcasting game is gaining some ground. In Labour's case this third party might mean a reversion to the once sneered at Annan idea of an Open Broadcasting Authority, while the Tories might be tempted to look for other commercial enterprises to run the fourth channel under the wing of the present Independent Broadcasting Authority.

Whatever the trends of opinion, however, the longer the delay the less the commercial contractors see it to be in their interests.

The sensitivity of the programme companies is understandable. When Lord Hill upset the contractual applecart in the sixties he drove a message home which none of the companies are prepared to forget—a contract is not permanent. Thus Lord Windlesham and his team in Birmingham are more than a little perturbed about movements which suggest that ATV's area should be subdivided in order to give the West Midlands a programme company of its own; and both Thames and London Weekend can both be relied upon to rise to the bait of anybody who implies that the London area would be better divided geographically than as it is at the moment, by days of the week. *After the Annan Committee reported the television* companies (there are 15 of them covering 14 areas) felt themselves relatively secure in that there was no time in the schedule the Government had apparently set for there to be a major change. Now the Government *has* simply changed the rules of the game by extending everyone's contract for two and a half years.

Contractors are not amused

Needless to say the contractors are not amused by this extension.

"This, no doubt, is the way that Government must often work. It may be good for democracy but it is bad for broadcasting," says Granada's Foreman. "There is nothing more harmful to our trade than prolonged uncertainty. Quite apart from the question of investment, and television has reached a point at which tens of millions of pounds should be invested to bring us up once again to match the world leaders in technology, the staff of the companies have no certainty as to who they will be working for in four years time and the management has no certainty that they will be working at all.

"Already the canvassing and consortia-making has begun and the prospect of several years of this activity is enough to make the staunchest heart quail. Last time the process was mercifully quick, some 18 months from start to finish. Even so, there was scarcely a senior executive or programme maker in television who was not courted or who did not offer himself to make up one of the groups bidding for a contract. There are at least half a dozen men who were leading lights in television whose careers were cut short either by failing to get a new contract or by getting one and thereby achieving a position which was unsuited to their talents and led to an untimely exit from the scene."

This is a view which is deeply held throughout television and one which has a measure of justification. I along with other Fleet Street journalists have felt the hot breath of lobbyists in recent months, eagerly pressing the arguments of one group or another.

While there must therefore be some sympathy for the commercial companies at the moment, this is tempered a little by the knowledge that they must be comforted by their current bank balances. The BBC, however, has little such comfort. True, it does seem to be a little better off than it was, but the imbalance between the Corporation and ITV is severe. Thames' Bryan Cowgill, himself a recruit from the Beeb, denies that he or any other ITV chief is luring other BBC staff into the commercial ranks. They are moving, he says, because ITV offers more attractive artistic fields.

The Media Department, an advertising agency, plainly disagrees with this analysis. It says: "One important factor which will hold back both (political) parties plans is the growing disparity in affluence between the ITV companies and the BBC. ITV is already poaching artists and technicians from the BBC by offering greatly improved rewards, and an increase in the BBC's licence revenue is likely until the general election is safely out of the way. An early decision to give the fourth channel to ITV would greatly increase the talent drain and both parties must be under great pressure from the BBC not to expose them to this pressure until they are able to close the pay gap."

With there being no votes in television there is no pressure on Government to a decision either way. And that is why the TV men face quite a time mo[illegible] of frustration.

From the consumer viewpoint there might be one lone benefit in further delay. Television technology, given scant coverage in Annan, is advancing apace. Delay should allow the decision makers to make full use of the innovations in Teletext, Viewdata, electronic news gathering, satellite broadcasting and a host of fields. The indications are, however, that the delay will not be used to plan for these developments, but that the developments themselves will be made the excuse for further delays.

Letters to the Editor

Corporations

From the Chairman, British Legal Association

Sir,—David Churchill, in his interesting article "The precarious life of to-day's Town Clerk" (May 2), indicates some of the reasons why local authorities are less enthusiastic about adopting or maintaining a "corporate structure" than was the case a few years ago. May I suggest that a very likely reason for the change of heart, quite apart from the added expense which the corporate structure imports into local government, is the realisation of what was lost when local authorities decided that their chief officer need not henceforth be a solicitor?

A local authority is a legal entity only and unless it interprets its powers and duties correctly it does not serve the public. The obvious choice as chief officer is the solicitor Town Clerk, a figure to whom councillors and staff alike could, and did, turn to for sensible advice on most matters. All this was thrown away in pursuit of a new-fangled piece of nonsense styled "corporate management."

In his recently published book "The Dilemma of Democracy," Lord Hailsham describes (p.71) the amalgamation of the three service departments into a single Ministry of Defence. The arguments in favour of such a change are curiously like the arguments advanced in favour of corporate management at local authority level: "greater unity of control and the end of inter-service rivalry," "vast economies," it was said, "would be effected by common services and procurement, and further savings in expenditure by the reduction in central staff. Above all there would be coherent and unified service from the Chiefs of Staff." Lord Hailsham recalls how disappointed he was "When I discovered that the new Ministry of Defence would cost more and not less and employ more and not fewer people." Did we really have to repeat the mistakes of central government in every town hall in this country before we were alerted to the fact that the corporate state is not only a form of government alien to democracy, centrally or locally, but absurdly expensive and inefficient into the bargain? I hope that those councillors who are having second thoughts will take their courage in both hands and restore the solicitor Town Clerk to his rightful role in local authority administration as the defender of the rights of the public as well as adviser to the council.

S. P. Best,
British Legal Association,
29 Church Road,
Royal Tunbridge Wells,
Kent.

Currency

From the Chairman, Underwoods (Cash Chemists).

Sir,—Evidence from the Science Policy Research Unit of the University of Sussex on the value of money and its effects on exports and thereby the national wealth and health shows that a strong currency (for example, the Deutschemark) has a strong tendency to encourage more competitive, even though more expensive, exports.

Surely it is easy to see why. A strong currency makes exporting more expensive and thus more difficult. Difficulties tend to sharpen the wit of those producing to maintain, indeed extend, their competitiveness. In dear old England however, with her thick politicians, their irresponsible attitude to money not only makes Jack a dull boy but also one who is psychologically dispirited.

H. Woolf.
Underwoods (Cash Chemists),
205, Brompton Road, S.W.3.

Accounting

From Mr. M. Speer.

Sir,—I do wish Professor Myddelton (April 18) would stop repeating that constant purchasing power has nothing whatever to do with inflation. Inflation affects prices — current cost accounting recognises adjustments in prices caused by inflation, together with other relevant factors specific to the assets to which it is applied (for example, technical development of fixed assets, international market conditions of raw materials) which CPP does not recognise. The Hyde guidelines combine this with a sensible, if transitionally rudimentary, gearing adjustment which apportions the CCA adjustment to shareholders equity where liabilities exceed monetary assets and applies Professor Myddelton's cherished general purchasing power index where net monetary assets exist.

Few accountants pretend that the Hyde guidelines are perfect but let us do the profession service by supporting a credible attempt to recognise the effects of inflation and other factors affecting prices in financial statements. As former Securities and Exchange Commission accountant John Burton once said "It's time that accountants and financial types develop a greater tolerance for imprecision because that's the way the world is."

M. P. Speer.
14 Kokerlaan, 1900 Overijse,
Belgium.

Midsummer

From Mr. A. Scott.

Sir,—As we now have the 1st of May as a holiday, might it not be an idea to move the next one on to the Monday on or following the summer solstice on June 21? The weather is often at its best then and the days certainly the longest.

A. H. Scott.
102, Beeches Road,
Chelmsford, Essex.

Pensions

From Mr. M. Pilch.

Sir,—It is a sad comment on the complexity of the new state pension scheme and the failure of the experts to explain it that, even now, an obviously intelligent person like Mr. R. Newton can write the letter that was published on April 28.

He makes two assertions, both of which are entirely false. First of all, he claims it is impossible to match the additional component of the state scheme for a contribution of 7 per cent. of payroll. Secondly he states that contracting out involves the loss of the Treasury (18 per cent.) contribution.

The contracting-out rebate was in fact fixed on terms which should allow any group of employees with a normal age and sex distribution to be provided with comparable benefits under an occupational scheme for the same outlay. The point Mr. Newton has missed is that any employer wanting to contract out must provide benefits over and above those offered by the state scheme. In particular, years of service in excess of the 20 recognised for the state scheme must rank for benefit under the occupational scheme and this alone is likely to increase the cost, though younger employees will receive correspondingly larger pensions.

Contracting out has no effect on the subsidy paid by the Treasury (in reality by taxpayers) to the national insurance fund. It has to be remembered that even where employees are contracted out, the state retains responsibility for certain benefits, including part of any widow's pension and protection of the whole additional component pension against post-retirement inflation.

The fact is that the pros and cons of contracting out are finely balanced. Few pension consultants would subscribe to views as one-sided as those propounded by Mr. Newton and he may wish, on reflection, to withdraw the unwarranted innuendos contained in his letter. Responsible consultants do not risk hard-won reputations by giving wrong advice for the sake of supposed short-term advantage. Among clients of my firm (and I believe we are representative of the so-called pensions industry in this respect) about three-quarters chose to contract out. That does not suggest to me either that our advice was biased (since a quarter opted to participate in the state scheme) or that the disadvantages of contracting out are as marked as Mr. Newton supposes.

Michael Pilch,
Noble Lowndes Division,
Lowndes Lambert Group,
P.O. Box 144, Norfolk House,
Wellesley Road, Croydon.

Inequality

From Dr. G. Bonnin

Sir,—I have no objection to the Government trying to convert the remaining grammar schools into comprehensives, as reported on April 29. I think, however, that there are tasks deserving a higher priority such as providing comprehensive education for children living in areas where there is neither a grammar nor a comprehensive.

I live in a village in Kent, but hardly 25 miles away from Whitehall as the crow flies. Children at 11 move to a so-called middle-school: no selection there. At 13 out of 100 children, 25 will have a chance to move to Gravesend comprehensive school. How is that for a selection! And those 25 places are subject to availability in Gravesend, which means that perhaps only 20 per cent. will have a comprehensive education. The remaining 75-80 per cent. will stay on at the middle-school for a number of years and the headmaster would be disappointed if on the way some at least would not pick up an O-level.

I suppose we suffer from the fact that we are in a village and that we are treated as if we were still a farming community, which we are not. The majority of the parents are City gents who catch the 7.59 to London.

What is the solution for the parents who realise that the world of education is becoming increasingly competitive? Send their children to a private school or a public school as opposed to a state school? Is it not creating an equality of chances for the children coming from poorer parents?

(Dr.) G. Bonnin,
Thames Polytechnic,
Riverside House Annexe,
Beresford Street, S.E.18

Unemployment

From the Director, Centre for Innovation and Productivity, Sheffield City Polytechnic.

Sir,—The German prescription for unemployment, described by David Eversley (April 26), may be welcomed by some people but it makes no sense for Britain.

There is, in fact, no shortage of work in Britain. How can there be a shortage of work in a country with a million sub-standard homes, antiquated schools, outdated hospitals, road congestion, river pollution, rising crime rates, adult illiteracy and thousands of people with appalling needs? No, there is no shortage of work, only a mismatch between needs and resources.

Despite this vast backlog of work that even Hercules could never catch up with, we insist on paying people to do nothing all day. Worse still, we pay others to attend factories and offices which are grossly overmanned. Our manpower productivity levels are below those of our competitors yet we complain that these damned foreigners won't buy our over-priced goods. We pour capital into decaying industries without recognising that it's like pouring water into a bath with no plug.

I don't pretend to know the answers to our irrational behaviour. I only know that we must stop talking about work-sharing, early retirement, devaluation, import controls and all the other pseudo-solutions. Instead, we must start talking about the need to create more wealth, to export more services and knowledge-based activities, to generate full employment by meeting the real needs of customers.

Nothing short of a revolution in our ways of thinking about Britain's problems will bring the radical changes we need. But no doubt most people will prefer to muddle through in traditional fashion. The question is, "Can we afford to wait and see?"

E. G. Wood.
Halfords House,
16, Fitzalan Square, Sheffield.

Interest

From Mr. R. Benns

Sir,—If one of the reasons put forward by the banks for not paying interest on current accounts is that such interest would be taxable in the hands of their customers and the banks are aggrieved at the concessions allowed by the Revenue to building societies and the Government wish to encourage small savers and everyone wants to simplify the methods of collecting tax, then would it not make sense, rather than eliminating the "first £70 of interest free of tax" principle from the Trustee Savings Banks to extend such a principle to all banks operating a current account service?

R. E. Benns.
Longstone House,
30 Callington Road,
Saltash, Cornwall.

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Professional football is floundering in a web of social and financial confusion

Why soccer is on a losing streak

BY STUART ALEXANDER

THE BARRICADES will be up on many of the shops and houses along the approach roads to Wembley Stadium to-day as nearly 100,000 make their pilgrimage to the climax of the soccer calendar. The police will also be much in evidence and newspaper photographers will be ready to pounce on the slightest hint of an outbreak of violence between rival fans.

For many, the cup final clash between Arsenal and Ipswich will mean an afternoon in front of the television with a can of beer. For the majority, it will mean the prospect of a few short months to open their Monday newspapers without yet another dissertation on crowd violence—unless, of course, the World Cup in Argentina turns into a bloodbath.

For the clubs, the breathing space will also be valuable. While the reds and blues taking the arena to-day will have profited well from their cup success, many other clubs further down the ladder are struggling for survival. The summer will provide the opportunity to put together more ingenious money-making schemes to cover the gap between receipts at the turnstile and the heavy costs of putting on a match.

Despite the attentions of Government, administrators, pundits, managers and three-quarters of the general public, the football industry is still in a sorry state. Were it not for the generosity of various club directors and the benevolent eyes of some bank managers, many clubs would not be able to open again for business.

The rest depend on the faith and loyalty of behind-the-scenes employees to keep the club running. Dogged by high wages to players, transfer fees which can be as much a curse as a blessing, and legislation-backed ground improvement schemes that few can afford, the clubs are operating with their backs to the wall.

If this were not bad enough, the terraces of their clubs have become the chosen battleground of a violent section of to-day's youth, a phenomenon which has completely altered the social profile of their supporters and has hurt them financially.

The game is careering along out of control, both financially and socially. And because of the present structure, it is difficult to decide even who is meant to be in control.

Gates have consequently suffered. Total attendance for this season will be slightly down on last at about 25m., whereas in the 1955-56 season total attendance was just over 33m.

The bulk of any club's revenue comes from the gate. The average cost of admittance to the terraces is 90p, while a seat in the stand costs about £2.50. In addition, there are lotteries, souvenirs, clubs, special matches, alternative lettings and, for the fortunate, a league or cup run.

The Football League collects television fees, one third of all net receipts from the cup ties (one quarter of the semi-final and final) and 4 per cent. of the net gate from league games. The share-out of all this may be £35,000 per club at the end of the season. But what should be a useful cushion has often already been swallowed up in heavy police charges to control the fans—charges of well over £1,000 per game at the bigger clubs.

Immediately post-war, and up until about 1960, soccer jogged along in much the same way as it had always done. It was a popular and cheap form of Saturday entertainment and there seemed no reason why it should not continue to be so. In the opinion of many, it was during this time that the seeds of to-day's disasters were sown. Instead of pushing ahead with phased, but ambitious, ground improvement plans at a time of relative prosperity, the grounds were left to stagnate.

It was as difficult then to justify substantial capital expenditure on business facilities which are used for about 75 hours a year as it is now, but even so, a bold decision then could have eased the problem now.

Far from going away, the need to invest is more acute to-day and is now reinforced by safety regulations for sports grounds.

Local authorities will be required to inspect grounds to see that the improvements are made. If they are not, then a club's licence may be suspended. Manchester United, one of the clubs which has spent money and can always raise more, estimates their work will cost them £300,000. Many clubs which are in a much worse condition, could not find £300,000 anyway, and are afraid even to estimate how much more than that it may cost them.

Recently Keith Cafferty, commercial manager of Millwall, said that any club which invested large sums in improved terracing would be "throwing their money down the drain." He sees the best course for the future lying in more seats being made available and links this need to the changing aspirations of the supporters.

It was Coventry that blazed a mid-60s trail by putting up restaurant and social club facilities alongside the football stadium, while others were struggling with rapidly-rising wages to players who had previously been rather under-paid. It was Jimmy Hill who, as chairman of the Professional Footballers Association, had successfully fought the battle on the wages front and it was he who led Coventry into the new era.

Football matches have become the chosen battleground of a violent section of to-day's youth.

But it was not only the players who expected more from the clubs. The supporters were also becoming more affluent and wanted improved conditions. In the end, the players came first.

At the same time, two aspects of home life began to have an effect. First, the increase in the number of working wives meant some democratisation of the choice of leisure activity. While the husband was keeping the family on his own, he could choose to go off on a Saturday afternoon. But a wife who was also making a financial contribution wanted something both could do, and that often meant anything but football.

Television, too, began to devote more hours per week to the national game. But a concentration of edited highlights and goals of the month could soon make the ebb and flow of an ordinary 90-minute game look rather hum-drum. Television helped to build up star names. Under so-called expert analysis, perfectly ordinary moves were transformed into feats of sheer genius, and the newspapers piled in behind with eulogies of mid-field mastery.

So the players became highly-paid idols in shining cars, snappy suits, and blow-wave hair perms, while the supporters, who paid their wages, stood freezing and wet on the same old terraces watching a game that did not remotely resemble the glamorised version he saw on television.

Not all players earn £300 a week; not all can command £350,000 in the transfer market—or, with the power of the D-Mark behind you—£½m. for Kevin Keegan. Many league players earn between £75 and £90 a week and there is a tendency to pay less in the North than the South. But as long as the team remains the first priority, other items will be pushed aside.

The players have learned to raise two fingers with equal ease to opposing fans, referees, and their own clubs. They have recently pushed through measures which give them greater freedom of contract. At the end of their terms they are allowed to move even if the two clubs concerned have not agreed terms, though terms can be negotiated later — if necessary with the help of an arbitration panel.

To some extent transfer fees have been inflated because clubs do not wish to pay heavy taxes on any profits. Nor is it easy to distribute profits. Under the league terms, no more than 5 per cent. of any profits can be paid to shareholders.

The continued outbreaks of fighting and thuggery have plagued yet another season. Fifteen years ago, it was thought very strange in this country that hot-tempered fans abroad had to be put in cages. It has now happened here, and at a recent meeting of the Sports Ministers of the Council of Europe, Mr. Denis Howell, our own Sports Minister, admitted we were carrying the reputation of being the worst in Europe.

The effect has been that football is no longer a family spectator game. The very people who could have been a counter-balance to the hooligans are those who will not allow their more disciplined sons to go to football. At the turnstiles the cash flow has been squeezed just at the time when clubs are desperately short of money.

Every kind of remedy has been suggested: Detention centres, identity cards, physical punishment, closing of grounds, banning of visiting supporters, even an afternoon in the stocks.

Some would like to see local authorities become more involved, building community service centres alongside existing grounds. Others would like to see clubs making joint use of grounds in order to ease financial burdens.

Certainly the players could help by playing with more respect for each other, the rules and the referee.

Over the next ten years it seems certain that some clubs will have to merge their interests and swallow some of their local pride in doing so. The introduction of transatlantic opportunities seems likely to increase player mobility, making the show business aspect of the game more prominent and diluting local loyalties.

It is also important that football clubs strengthen their middle management structure. Between the Boards and those that run various departments there is all too often a yawning gap. The club manager more often than not looks after the team, rather than the club.

Watford recently appointed a chief executive, possibly because its pop star chairman, Elton John, recognised the need for business drive. Chelsea has also appointed a chief executive to help overcome the problems created by borrowing expensive money to provide much improved conditions for a reduced number of fans.

In theory real success should be a piece of silver in the trophy cupboard. In practice professional football is floundering in a web of social and financial confusion with which it cannot cope: the problem is just too unwieldy.

Radical pruning and expert management are long overdue.

Weekend Brief

Kass transactions

lave you heard the one about eorge Walker making £750,000 ut of Star Wars? Well, like ll true stories it is not quite simple as that, but the tale of 'alker's remarkable success ith one of his first film ventres is likely to be an encouraging one to those who make eir way hopefully to the nnes film festival later this onth.

It all started with Walker, 10 heads the leisure group 'ent Walker, finding himself ated beside actress Joan illins at one of those glossy nnes luncheon tables this ne last year. Miss Collins menned a book by her sister ckie and pointed out that it ight make a successful movie. alker expressed polite terest but little more. Then couple of days later a teleione call from a Walker aide Collins' husband, Ron Kass, ie-time managing director of pple, revealed that Walker's terest had been deeper than displayed over the steamed lmon. Kass was told that if came up with a complete ickage ready for the cameras roll, Brent Walker would find ie necessary cash. The book as The Stud.

The Kass/Collins duo complete their side of the bargain nd so did Walker, producing nough backing to meet the exected £750,000 budget. As it merged Kass, who produced ie film in which Joan starred, rought the whole thing in for omewhat less, leaving Walker nd his backers some change rom £500,000. The Stud opened o disastrous reviews from the ondon critics, but enormous queues at the box offices. Kass ied in a record of the film's nusic which, sold through Ronco, has produced a remarkable effect in the record shops, and which currently stands at No. 4 in the lp ratings. The Stud is now proving to be a runaway popular success in various fields, putting it in the same league as Star Wars and Close Encounters of the Third Kind as a U.K. saleable commodity. It might gross £3m. on the U.K. market alone over the next couple of months.

All that means is that Walker, Kass and Collins can go to Cannes with contented looks on their faces. The film has already more than repaid its investment and has not yet been sold in any foreign market. Anything that comes in from abroad is profit.

But, back to Star Wars and that £750,000. The piquancy of this particular situation is that The Stud is a British picture and thus qualifies for Eady money. Eady money is a central fund provided by a levy on all cinema seats and distributed to British film-makers in proportion to their box office takings. It is thus a success bonus.

This year takings at the cinemas have rocketed, thanks to the sudden popularity of

British film industry, the pictures involved are largely foreign. Thus there will be a considerably larger Eady pot to be distributed to fewer British films. The end product of this is that The Stud could end up with an Eady bonus of some £750,000, with Star Wars patrons making a sizeable contribution. Needless to say, Walker and the Kass family are now very friendly. It would not be surprising if another Cannes luncheon produced a Son of Stud, doubtless to the dismay of the critics. That's show business.

Rail ways

IT IS always difficult to know how to interpret the accounts of nationalised undertakings, and this week's annual report from British Rail is no exception. According to the Railways Board, British Rail made an operating surplus of £68.4m. in 1977 against £13.7m. in 1976. But these figures are before knocking off interest, which amounted to £43m. in 1977. So a fairer comparison is probably between the £27m. net surplus for the year, against £5.3m. the previous year.

However, if the British Rail figures are adjusted for inflation in line with current practice it turns out that overall the business lost £128m., a figure which is probably not much different from the "real" result for 1976.

Another point to be borne in mind is that the above non-inflation adjusted "profit" figures are arrived at only after very substantial contributions (subsidies) from the Government—roughly £1m. a day in fact—in respect of uncommercial but socially necessary services. British Rail refers to this as its "financial contract" with the Government and obviously would like us to believe that is only agreed after the toughest negotiations.

Finally, British Rail has produced detailed financial forecasts for its passenger business for 1978. These reveal that the Government should be paying another £395m. on the "financial contract" and a further £50m. for replacement of plant. The overall profit for the year is forecast at £18.7m. Since that figure includes the extra £50m. grant for plant replacement, it might seem reasonable to conclude that the Board will really make a loss of £31m. But that is not the case, according to BR's finance department; apparently the £50m. grant means that the 1978 depreciation charge is also to be increased by £50m.

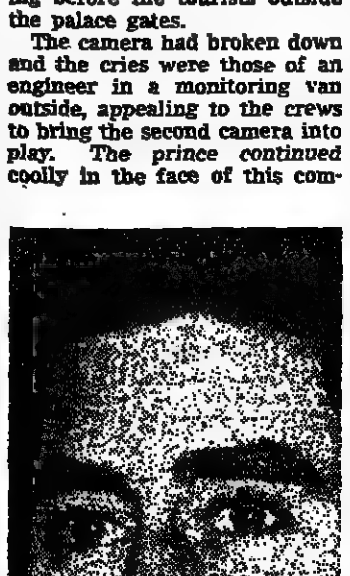
Ashley Ashwood

Kass and Collins: conversation piece

Royal ties

Speaking on his home ground Prince Charles gave a notable display of the aplomb and wit while telling journalists what was being done with the £16m. raised by the Jubilee Appeal. Quite absent in the Buckingham Palace milieu was the diffidence he sometimes shows within the confines of a TV studio. Even so, the world of TV dogs him. The prince had scarcely begun speaking when one of two BBC cameras in the room began emitting urgent shouts; for a moment it seemed that some electronic freakishness was bringing into the room the command for the guardsmen parading before the tourists outside the palace gates.

The camera had broken down and the cries were those of an engineer in a monitoring van outside, appealing to the crews to bring the second camera into play. The prince continued coolly in the face of this competition. The erring camera gave a bang. "Perhaps its going to blow up" he said with just a trace of relish, then went on describing the appeal projects up and down the kingdom.



Charles: way with words

He was asked which parts of the country had contributed most, per capita, towards the £16m. "What about Yorkshire?" demanded a north country journalist. "I'm not saying anything about Yorkshire replied the prince. "It will only encourage them to devolve."

Would he persuade his younger brothers to take an interest in the future of the appeal? "I find it hard to persuade my younger brothers to do anything," he said. Only when somebody wanted to know whether ethnic groups were being properly catered for did the prince look momentarily wary.

This friendly cut and thrust took place in the palace cinema, a gilded and victorian spot as cinemas go. Alongside the prince as he spoke was a large Landseer painting of a man surrounded by wild animals and wrestling with a tiger.

Asked if the City and industry had been up to the mark in contributing to the appeal, he replied "They gave 55 per cent.", as though the figure had been on the tip of his tongue. He then spotted Justin Phillips of the Central Office of Information wearing the tie of Trinity College, Cambridge—which the prince also attended. During reminiscences of undergraduate days, Phillips said he remembered seeing the prince studying without moving for four hours in the college reading room. "I was getting very near the exams just then" replied the prince with his slightly ironic, self-deprecating grin.

Phillips said that his mother had made him wear the Trinity tie just in case it was noticed. Prince Charles very much gave the impression this week that he never overlooks gambits like that.

Contributors: Arthur Sandles, Michael Lafferty and Richard Hall.

Economic Diary

MONDAY—House of Commons—Finance Bill, committee. European Central Bankers begin two-day meeting in Basle. EEC Agriculture Ministers' two-day meeting opens, Brussels. Wholesale price index (April-prov.). Financial Times two-day Euromarkets conference begins. Royal Lancaster Hotel, W.2. Amalgamated Union of Engineering Workers conference opens, Town Hall, Worthing. Civil and Public Services Association conference starts, Conference Centre, Brighton. Slum clearance (1st qtr.). Housing starts and completions (March): House renovations—work completed (1st qtr.).

TUESDAY—U.K. banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-April). London clearing banks' monthly statement (mid-April). CBI Industrial Trends Survey (April). Hire purchase and other instalment credit business (March). Mr. Edmund Dell, Trade Secretary, guest speaker at Foreign Press Association luncheon, 11, Carlton House Terrace, S.W.1. Mr. Robert Sheldon, Financial Secretary, Treasury, addresses Industrial Society conference on Profit Sharing, Quaglino's, S.W.1. Retail sales (March-final).

WEDNESDAY—Commons—Finance Bill, committee. TUC economic committee meets. Society of Civil and Public Servants conference debates pay, Winter Gardens, Bournemouth. Transport and General Workers' Union government workers' rally on pay, Central Hall, Westminster.

THURSDAY — Prime Minister begins four-day visit to North-west England. Meeting of National Union of Mineworkers' executive. Scottish Conservative Party conference opens, City Hall, Perth. Mr. Roy Hattersley is guest speaker at American Chamber of Commerce luncheon, Savoy Hotel, W.C.2. Finished steel consumption and stock changes (1st qtr.-prov.). Vehicle production (April-prov.).

FRIDAY—Mr. Denis Healey, Chancellor of the Exchequer, speaks at Electrical, Electronic Telecommunication and Plumbing Union conference, The Spa, Scarborough. European zinc industry, EEC governments, and the EEC Commission discuss "crisis" in zinc market, Brussels. Building Societies' receipts and loans (April). Usable steel production (April).

SATURDAY — Mrs. Margaret Thatcher speaks at Scottish Conservative Party conference, Perth. Prime Minister attends political engagements, Manchester.

COMPANY NEWS + COMMENT

Hunting Gibson's £4m. revaluation loss

A REVALUATION of Hunting Gibson's ships not on long-term charter has revealed a net loss of £4.23m. This together with the effect on profits of the shipping depression has resulted in the group showing a turnround of £7.6m. to a net attributable loss of £4.72m. for 1977.

In the first six months of the year profits, before tax, showed a sharp reduction at £604,000 and the directors said that with the shipping depression continuing they did not expect the second half result to match this level. In the event the operating profit, before tax, for the year is shown to be almost £1m. lower at £996,000.

The decision to revalue the group's vessels was taken in the light of "the serious and progressive deterioration" in the resale value of ships since the interim statement. In 1976 a similar revaluation showed a surplus of £1.63m.

With the exception of the lumber carrier Thamesfield, now trading profitably on a long term charter, the prospects for the rest of the shipowning interests of the group are poor and the directors are again expecting substantial losses from this division.

The Tweedfield continues to trade but during the early part of 1978 Teesfield, Edenfield and Derwentfield have been sold or contracted to be sold at amounts which have been reflected in the revaluation.

The directors point out that in earlier years while the Tweedfield was trading with dollar income it was decided to carry forward a proportion of the exchange losses arising from the devaluation of sterling against the dollars borrowed to finance the ship. At December 31, 1977, this amounted to £500,000 and as the vessel may no longer be trading after the current year, that amount has been charged to profit and loss.

The rest of the group's activities were profitable in 1977 and continue to be so.

There is no final dividend but the Preference will be paid as normal. The directors expect a very nominal dividend will be all that is possible in 1978 to preserve trustee status.

An interim of 5p has been paid in respect of 1977 so this compares with a total of 10.8186p for 1976.

The directors state that deferred tax is now only provided in respect of overseas companies; had the group accounted for U.K. deferred tax the charge would have been decreased by £2.03m. (£1.14m. increase).

The unaudited balance-sheet at December 31, 1977, shows funds attributable to Ordinary holders of £7m.

	1977 £000	1976 £000
Turnover	131,152	136,147
Operating profit	996	1,944
Revaluation loss	4,251	*1,633
Pre-tax loss	3,860	*3,302
Taxation	569	551
Net loss	4,429	*2,751
Minorities	296	†132
Preference dividend	29	29
Loss attrib. Ordinary	4,744	*2,884

* Profit. † Loss.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Argus Press	14.5	—	9.75	20.5	15.75
Argus Press (Hldgs.)	8	—	6	11	8.25
G.R. Hldgs. int.	5	July 6	4.5	—	18.99
Higsons Brewery	0.4	June 9	0.38*	—	2.25*
Hunting Gibson	nil	—	5.81	5	10.82
Moss Bros.	2.28	—	1.9	3.88	3.33
James Neil	3.64	—	2.81	5.8	4.81
Southern Constrcn.	Nil	—	0.43	Nil	0.87
Sungei Bahru Rubber int.	0.52	June 16	0.52	—	1.84
Ulster Television	2	—	1.8	—	3.5
Unochrome Intl. int.	0.23	July 3	0.35	—	0.6‡
Thomas Warrington	1.97	—	1.97	3.13	3.13

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months.

Moss Bros. profit downturn

THE LAST QUARTER has proved disappointing for Moss Bros., the tailor and outfitter. Profits have fallen from £262,708 to £147,269, completely wiping out the gain achieved at the nine months stage. For the year ended January 31, 1978, therefore, profits are down from £372,708 to £307,269.

If the last quarter had shown progress, the directors would have paid a final dividend of 2.4p. In the event, their recommendation is 2.281p, lifting the total from 3.3292p to 3.881p. They also propose a one-for-five scrip issue.

Turnover for the year came out at £5.58m. (£5.01m.). After tax £176,383 (£141,194), net profit is £130,886 (£231,514).

Ulster Television expands

GROWTH in pre-tax earnings from £247,000 to £380,000 was achieved by Ulster Television for the half year to January 31, 1978, on turnover better at £2.61m., against £1.82m.

The net interim dividend is raised to 2p (1.8p). Last time the final was 1.8p paid from profit of £0.52m.

The net surplus for the first half emerged at £182,000 (£120,000) after tax of £198,000 (£127,000).

Advertising revenue continues to be buoyant but the directors do not expect to maintain the rate of growth achieved in the first six months in the second half.

Building extensions to provide additional space at Havelock House have begun and expenditure of £300,000 has been authorised for this purpose together with £140,000 for technical equipment.

Mr. J. L. Macquitty, the chairman, says "We look forward with confidence despite local difficulties but, bearing these in mind together with the economic problems of the United Kingdom as a whole, we must pursue our policy of continuing development with caution."

During the half year the directors pursued a policy of intensive local production, the costs of which have almost doubled over the corresponding period of 1976-1977. These have been partly offset by increased contributions to the whole ITV network and programme sales for the full year are expected to top the £100,000 mark for the first time.

First-half profit included investment income of £35,000 (£32,000).

Unochrome £306,000 midterm

TAXABLE earnings of Unochrome International for the half year to March 31, 1978, are shown at £306,000, compared with £520,000 for the first nine months of 1976-77. Turnover was £7.85m., against £9.83m.

In December the directors said that unless external factors adversely affected the group's plans, they expected an improvement in performance over that achieved in the past 15 months when profit reached £705,000.

The net interim dividend is 0.2333p (0.35p) per 10p share, which is equivalent to the rate paid last time. The final for the previous period was 0.25p.

Tax for the six months took £156,000 (£256,000) leaving a net balance of £150,000 (£264,000). There were no extraordinary items compared with debits of £47,000 last time and minorities amounted to £56,000 (£71,000).

Taxable profit of Silverthorne Group, a subsidiary of Unochrome, for the six months to March 31, 1978, was £171,722, compared with £213,226 for the first nine months of 1976-77.

The directors state that at present there appears to be no reason to doubt some improvement will be made in the results over the full year, against those up to the 12-month stage last time. Profit for the 15-month period was £293,246.

Sales for the half year by the company, which manufactures and factors houseware and consumer goods, were £2.03m. (£2.93m.).

The net interim dividend is held at 0.5p per 10p share. Last time the final was 1p.

Tax took £89,295 (£110,877) leaving a net balance at midway of £82,427 (£102,349).

Southern Constn. deficit hits £1.5m.

INSUFFICIENT CONTROL on certain contracts added to the problems that pushed Southern Constructions Holdings deep into the red during 1977. A sharply increased second half loss at the pre-tax level of £801,976 against £169,075, took the full-year deficit to £1,451,978, compared with a profit of £139,713, and in the circumstances Mr. C. A. Mitchell has resigned as chairman. Another director, Mr. J. M. G. Andrews has been appointed in his place.

As indicated by the directors at midway the company was dogged by a combination of the exceptionally wet winter of 1976-77 and the problems of maintaining turnover in the highly competitive market created by the sharp cutback in public spending.

The majority of the contracts causing difficulties should be completed by early June this year and full provision has been made in the accounts for any foreseeable losses on such contracts. The directors say the company is now tendering only for work with profitable margins.

They say that "1977 was a very bad year but it is behind the company." The steps taken to strengthen management on the financial and operating sides of the business, reported in January, are taking effect and the Board is satisfied that the first half of 1978 will show a return to profitability.

Turnover for the year was up from £10.74m. to £13.71m. and there was a tax credit of £765,000 (charge £84,617) leaving a net loss of £686,976 (profit £75,096). No dividend is to be paid compared with a net total of 0.869p per 5p share last time.

comment

As late as January this year, Southern Constructions had forecast that the second half would show an improvement on an interim pre-tax loss of £650,000. In the event, it was wide of the mark for the second half showed a deficit of £801,000. SC's problems lay mainly in contracting and accounting problems which were apparently underestimated at the time of the virtual reconstitution of the Board and the change in auditors in January. Profit margins were apparently sacrificed to maintain turnover in a market made highly competitive by the substantial cutback in public expenditure. Moreover, certain contracts proved suspect and full provision amounting to some £300,000 have been made in the accounts. After the latest surgery, SC is again bubbling with fresh optimism. With some promising figures for the first three months and the order book in a more healthy position, the company expects to return to the black in the first half of this year. At 7½p, the market capitalisation is £0.8m.

Clerical Medical moves into U.S. equities

The Clerical, Medical and General Life Assurance Society found the North American market attractive last year and towards the end of 1977 had begun to buy equities there. This was revealed by Sir Robert Black in his chairman's statement for 1977 prior to retirement.

The Society in 1977 had £31m. of new money for investment, including £7m. on deposit, and this was invested in long-term assets. In the earlier part of the year, investment was continued in gilts in view of the high guaranteed yields available. But as the year progresses, yields declined and a proportion of money was invested in UK equities and the North American investment.

Investment in property continued during last year and some first class units were purchased. But the opportunity was taken to sell one or two at prices which exceeded their value and overall there was very little net investment in this sector.

At the end of the year the Society's portfolio was divided between fixed-interest (43 per cent.), U.K. equities (28 per cent.), overseas equities (6 per cent.) property (16 per cent.), mortgages and loans (7 per cent.) with the remaining 3 per cent. liquid. Overall the market value of the assets amounted to £441m.

During the year premium income rose by 16 per cent. to £61.8m. and investment income by 18 per cent. to £27m. There was an increase in value of assets of £73m. against a decrease of £1.2m. in 1976 and there was a net profit of £13.4m. on assets realised and exchange differences. Claims and expenses were 13 per cent. higher at £43.9m. and after a transfer of £89m. to investment reserve, funds rose by £63.5m. on the year to £304m.

GR holds £1.2m. at halftime

FOLLOWING THE warning last November that retail sales at the start of the current year had been disappointing GR Holdings now reports a profit of £1.18m. for the first half of 1977-78. This shows a reduction compared with the £1.29m achieved in the second half of the previous year or a marginal increase on the £1.14m. achieved in the first six months of that year.

In his last annual report Mr. A. D. Stalbow, chairman, explained that contrary to the usual pattern the second half of 1976-1977 produced more profit than the first. This was due to a smaller proportion of overall profit now being attributable to the sale of manufactured products which were very seasonal in nature. The second half also benefited from a high level of exports at satisfactory prices.

Sales of the group (which is engaged primarily in the processing and merchanting of sheepskins and furs) rose from £9.7m. to £11.31m. in the half year. The total for 1976-77 was £18.2m.

The interim dividend is increased from 4.5p to 5p per 50p share—the previous year's total was 18.9875p.

UNIT TRUSTS

True to name or true to nature

A curious dilemma now faces investment managers with international funds within their range. Should they remain true to the name of the fund, and keep the portfolio well mixed? Or should they look instead to its underlying nature, assume that anyone who puts his (or her) money into anything as widely defined as an international fund is principally interested in getting rich and will leave the managers to decide how best to do it, and aim the portfolio exclusively at the most interesting market around?

Approaches to the dilemma are illustrated by two of the funds which are inviting applications this week. The managers of National Westminster's new Universal Fund have taken the former line; and while the great weight of the portfolio is invested in Wall Street, 30 per cent. is spread across markets in Canada, the Far East and the U.K., Tyndall's London Wall International Fund, in contrast, is now exclusively invested in American shares. Both sets of managers, however, are in agreement over their approach to U.S. investment, as, indeed, are those of Schlesingers' American Growth Fund. All of them are going for the front-line stocks, the ones that will move first and fastest as the big American institutions come in.

Portfolio composition is vital to those who would choose between funds with a high American content at the moment, for where there is a track record, it reflects little credit on most of the funds which have had money invested in Wall Street over the past few years. Arbuthnot's North American fund is an exception: thanks to a policy of investing very heavily in the shares of smaller companies — some 90 per cent. of the portfolio —the value of its units has increased by 12½ per cent. over the past 12 months.

Whether that relative outperformance can be maintained by Arbuthnot—and, for that matter, by the managers of Henderson's new Cabot American Smaller Companies Trust—must be open to question, at least in the near future. Smaller companies have been a good buy when times were hard; and in the longer run they are all but certain to show better growth than the heavyweights which dominate the stock market. But if it's a matter of panic buying by institutions desperate not to be left out on a market rise, then the funds invested in the heavyweights will make ground much more rapidly.

For a balance between the two the investor might like to turn his attention to M and G's American and General, whose managers claim long-term growth as their objective, but put their money quite impartially into companies both large and small, wherever there appears to be value to be had.

On a completely different tack, Trident Life is this week offering investors its Property Bond. Property prices in the U.K. have been rising steadily since the beginning of 1977, without the flamboyant movements associated with equities, though the rise in MLR may reverse this process temporarily. Nevertheless, as a long-term investment property has shown itself to be on a par with other investment media. This particular fund has grown to £4½m. and is about 75 per cent. invested, so liquidity is not likely to be a problem. For interested investors the minimum outlay is £200.

Finally, Canada Life Unit Trust Managers is pointing out that managing an equity portfolio these days requires both time and expert management. This is best achieved, as far as many investors are concerned, by switching into unit trusts. The Canlife Share Exchange Scheme enables investors to make the switch, saving on expenses, with a choice of two trusts under management.

Ransomes Sims looks for further growth

At the AGM of Ransomes Sims and Jefferies Mr. G. W. Bone, chairman, said the directors would be disappointed if the results for the current year did not show a further improvement on those for 1977, when pre-tax profits reached £2.25m.

However, he mentioned Ransomes South Africa (Pty.) which incurred a loss in 1977. The directors had been concerned for some time that the volume of trade which could be expected was inadequate to maintain this company as a viable operation, he stated.

They were, therefore, completing mutually satisfactory arrangements for another company to take over the marketing of the group's products in South Africa. This would ensure that customers in South Africa could look forward to continuing support and service from a sound organisation in that country and that Ransomes would continue to supply grass machinery for distribution in South Africa.

There would be some terminal losses associated with this transaction, but these would be less than the losses reflected in the 1977 accounts for that company. The disposal of the South African subsidiary would eliminate the risk of future losses in that area.

After tax of £93,444 (£72,785) the net surplus emerged at £82,897 (£59,073) for earnings per 25p share of 2.75p (1.96p). A net final dividend of 1.0675p maintains the total at 3.1312p.

Brown & Jackson sees record profits

Although 1978 will be another static year for the construction industry as a whole, the directors of Brown and Jackson are confident that with the broadening of the group's interests, they look forward to a significant increase in turnover and record profits for the current year, says Mr. B. S. A. Duffy, the chairman, in his annual statement.

As reported on March 28, on turnover little changed at £10.10m. (£10.41m.) pre-tax profit fell from £397,000 to £341,000 for 1977, although at the attributable level, profit was higher at £509,000 (£313,000).

Bank balances and cash increased by £168,000 (£618,000 decrease).

Mr. Duffy reports that the directors have taken positive steps both to strengthen the group's construction interests and to diversify selectively into new areas so as to reduce the group's exposure to the vagaries of the building industry trade cycle.

In view of this significant acquisition and diversification programme which will be conducted within existing cash resources, a single final dividend of 1p (2.2p net) is to be paid. However, the directors expect the final payment will return to normal next year provided the group achieves the record results currently anticipated.

Meeting, Preston, May 26, noon.

Audio Fidelity well off at midway

THE unsatisfactory situation at Audio Fidelity, where pre-tax profits tumbled from £427,708 to £103,788 in the six months to October 31, 1977, has led, in the directors' words, to drastic measures being taken to improve the position.

It is reported that four unprofitable shops in smaller towns have been closed; to be followed by a further branch closure this month, and the directors say that if necessary speedy action will be taken to improve overall group profitability by implementation of further measures.

Retail turnover is normally higher during the second six months of the year. However, a very late upturn and erratic performance of individual branches has resulted in figures which are disappointing. Manufacturing turnover is still increasing but at a slower rate than at the start of the year.

The first half profit downturn was not unforeseen. At the end of the last full year, when reporting profits of £428,000 and a net dividend of 2.1p, the directors stated that in view of uncertain retail trading prospects over the remainder of what they saw as a critical winter period, it was unlikely that the interim figure would match that of the corresponding period.

They now say that the whole of the manufacturing division continued its growth although there was some pressure on margins. The factors contributing to the unsatisfactory situation were retail turnover which fell well short of projections, very high interest charges and an end of autumn sale to reduce unrealistic stock levels.

After tax for the first six months of £32,450 against £228,509 the net balance shed £147,815 at £51,384.

The company, which has "close" status, is a manufacturer, wholesaler and retailer of hi-fidelity sound equipment.

Optimism at Fairclough Construction

The workload at Fairclough Construction Group is as healthy now as at the beginning of the year and prospects abroad continue to be good, Mr. Oswald Davies, the chairman, told the annual meeting on Wednesday.

"I am optimistic about the future of the group because we have strong management teams and structure," he said. Pre-tax profit last year was a record £7.05m.

Bank and Commercial

Bank and Commercial Holdings reports a revenue deficit of £490,000 for the 19 months ended October 31, 1977, compared with a loss of £538,000 for the year ended March 31, 1976.

During the period there were extraordinary losses of £982,000 offset by extraordinary gains of £1.89m.

Losses on the sale and revaluation of investment properties amounted to £2,180,000 less £1,385,000 transferred from capital reserve. Other extraordinary losses net of gains totalled £387,000.

Extraordinary gains comprised —reduction in provision for loss on investment in subsidiaries £873,000 and agreed reduction in amounts owing to bankers £1,012,000.

Net surplus on the revenue account after extraordinary items and transfer from capital reserve was £413,000.

There is no dividend—the last was 1p in respect of 1972-73.

Earnings are shown at 6.29p (8.3p) per 25p share, and the final dividend is 1.65p to maintain 2.25p at the net level.

Second half setback for Slingsby

A SECOND half setback, with profits down from £97,311 to £15,636 is reported by H. C. Slingsby. This gives a total of £63,479 for 1977, against £133,168.

The company makes a wide range of hand trucks, trolleys, trailers, wheelbarrows, etc. Turnover came to £3.19m. (£2.87m.).

Setback for W. A. Tyzack midway

THE FORECAST of a difficult year for W. A. Tyzack has been borne out by the results for the six months ended January 31, 1978, which show a pre-tax profit down from £225,218 to £117,790.

The full year profit will fall "well short" of the £437,000 achieved in 1976-77, but is expected to be more satisfactory than the first half would indicate. The group manufactures high grade engineering components.

Turnover in the period came to £2.74m. (£2.29m.). After tax of £61,251 (£117,113), net profit emerged at £56,539 (£108,105) for earnings of 1.1p (2.14p) net per 10p share. The interim dividend is held at 0.363p—the final last year was 0.911p.

The directors state that since December there has been a distinct improvement in both output and profitability, but the half year figures reflect the unsatisfactory period up to December and not the improvement since that date. Improving figures have continued into February, March and April.

ISSUE NEWS

Gas & Oil cash call

Gas and Oil Acreage is proposing to make a 25p per share cash call on shareholders registered on June 15.

The formal notice, which will be sent to shareholders on May 17, makes a 5p call in part payment of the par value with the balance in part payment of the issue premium. Following the payment of this call the issued Ordinary shares will be fully paid.

Morgan Grenfell holds over 30 per cent. of the shares. Italian Refining Interests hold a similar amount with U.K. institutions accounting for most of the rest.

In the North Sea, Gas and Oil is currently participating in the development of the Buchan Field and on April 11 was granted, with its partners, Licence P279 covering Block 13/13.

In Italy the company is participating in the development of the Reggente and Santa Caterina gas fields, is selling gas from the Palmori fields and has recently participated in the discovery of a new gas bearing structure with well Mezzanelle 1.

The report and accounts for 1977 will be posted with the call notice.

MILLER SCRIP

F. Miller Textiles is proposing a scrip issue of Cumulative Preference £1 shares to Ordinary holders on the basis of one Preference for every 15 Ordinary shares.

An EGM is called for June 22 to consider an increase in the authorised capital to £2m. and the capitalisation of £720,000 of Preference shares. The scrip issue will be to holders registered on May 10.

Terms of the issue will be fixed just prior to the despatch of the circular on May 26.

BULLOUGH—94.3%

In respect of the recent rights issue, Bullough announces that shareholders took up their entitlement to 2,355,682 new shares equal to 94.3 per cent. of the issue. The balance has been sold at a premium.

T. Warrington improves to £176,000

Improvement in pre-tax profit from a depressed £131,861 to £176,333 was achieved by Thomas Warrington and Sons, general building and public works contractor, for 1977, on turnover ahead at £8.05m., against £7.39m.

The directors at half-time, when profit was £91,000 (£73,000), said that although there was a further reduction in volume of contracting work available to the industry the company had secured more work on satisfactory terms. In private house building sales had improved and material costs increases were slowing and they expected profits in that sector to improve during 1978.

PHILLIPS PATENTS

The directors of Phillips Patents (Holdings) have decided that the half-year's dividend on the 3.25 per cent. (formerly 7.5 per cent. gross) cumulative Preference share due on May 31, 1978, should not be paid. The dividend is in arrears from June 1, 1976.

Results due next week

The main features on next week's Stock Exchange list are first quarter results from two major insurance companies—Commercial Union and Royal—and Smith and Nephew, while Costain and Lesney Products are reporting full-year profits.

Commercial Union reports on Monday and Royal on Wednesday. These two U.S.-oriented groups are expected to follow last year's good results with improved figures on last year's first quarter. The U.S. market has shown marginal improvement in the period, despite the bad winter, but the U.K. account has been hit by January's storms, poor motor experience and the firemen's strike. A small underwriting loss of about £3m. for each group is expected and pre-tax of £30m. for CU and £26m.-£30m. for Royal is looked for.

Analysts are confident Richard Costain will fulfil their predictions and announce, on Tuesday, pre-tax profits close to £33m. for 1977. The interim figure was 32 per cent. up at £11.5m. on a 27-per cent. jump in sales. Roughly 70 per cent. of profits come from overseas activities with operations in Australia, Canada, West Africa and the Middle East supplying the bulk. The Australian subsidiary lifted its sterling contribution by 13 per cent., Canada was strong and the West African result was also better than 1976. There have been some cost overruns and technical problems with contracts in the Middle East but these are not expected to hinder profit growth in 1977. The only clouds on the horizon for 1978 are in Nigeria where a changing balance of trade and growing political unrest could lead to a downturn in profits from West Africa.

Meanwhile, in the toy sector, the pattern of second half trading is beginning to emerge in the wake of pre-Christmas concern over retailers' de-stocking policies. Berwick Timpo's profits in the latter six months were almost a third lower, while Mettoy's—boosted by the acquisition of a substantial share in the French associate—were a fifth higher. Lesney Products' full-year results are due to be anounced on Tuesday. Analysts are roughly in agreement in projecting a profit figure at the trading level—they expect between £8.5m. and £8.75m., against £7.29m. last time—but disagree on the currency adjustment. At halftime, there was a gain of £0.47m. (£1.16m.); one analyst sees this figure emerging at the year-end, while another sees a currency loss of up to £0.5m., which compares with a £2.9m. credit in 1976/77. Exports account for roughly half of group sales. In October, Lesney reported a large increase in demand and a rapid rundown in stocks.

Smith and Nephew has already forecast a 20 per cent. increase in first-quarter pre-tax profits and analysts are predicting figures, due on Tuesday, of £4.4m. to £4.5m., against £3.72m. in the first quarter last year. With some 30 per cent. of overall sales in the U.K., any boost to consumer spending should help maintain last year's all-round improvement in the group's operations. Growth in medical and health supplies during 1977 was achieved despite adverse currency conditions and several new high-value splitting materials should help increase turnover, especially overseas. Personal hygiene products also did well last year and although competition is acute, there could be some recovery from the troubled U.S. cosmetics acquisition, Gala. Margins in the textiles division, where last year denims contributed £4m. to the £5m. operating profit, are high, but can only remain so while denims are fashionable. Plastics are still recovering and analysts are going for full-year pre-tax profits of between £20m. to £21m. (£17.3m.).

Other results to note are preliminaries from Averys (Tuesday), Bank of Ireland (Tuesday), Mallinson-Denny (Tuesday), Allied Irish Banks (Wednesday), Matthew Hall (Thursday) and interim results from Akroyd and Smithers (Wednesday).

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Aberdeen Investments	Monday	0.8	1.25	0.9
Allied Irish Banks	Wednesday	1.565	4.435	1.819
Atlas Electric and General Trust	Thursday	0.5	1.1	0.6
Averys	Tuesday	1.726	2.445	1.927
Bank of Ireland	Tuesday	3.0	5.25	3.0
Barlows	Monday	—	7.505	—
Barr and Wallace Arnold Trust	Tuesday	—	3.225	—
Bishopsgate Trust	Wednesday	1.65	3.6	2.0
John Beales Associated Companies	Friday	1.0	1.581	1.094
Booth (International Holdings)	Tuesday	1.34	2.393	1.525*
British Northrop	Monday	—	—	—
Brixton Estates	Monday	1.117	0.592	1.248
Central and Sherwood	Tuesday	1.0	1.105	1.125
Copydex	Thursday	0.7	1.537	0.7
Richard Costain	Tuesday	2.5	1.621†	3.459
Deritend Stamping Company	Wednesday	3.0	6.02	3.3
External Investment Trust	Wednesday	1.65	2.7	2.25
Airflow Findlay Group	Thursday	0.65	1.05	0.726
John Foster and Son	Wednesday	Nil	1.425	Nil
FPA Construction Group	Tuesday	0.5	0.625	0.5
Gieves Group	Thursday	1.0	3.0	1.3
Matthew Hall and Co	Thursday	1.376	4.255†	1.761
Heal and Son Holdings	Wednesday	—	3.0	—
P. C. Henderson Group	Tuesday	1.4	2.3	1.575*
Highcroft Investment Trust	Thursday	0.7	[illegible]	0.8†
Holt Lloyd International	Thursday	2.0	3.0	2.25
Jersey General Investment Trust	Wednesday	4.5	7.0	5.0
Lesney Products and Co	Tuesday	0.94	1.66	1.056
London and European Group	Thursday	Nil	Nil	Nil
King and Shaxson	Thursday	1.0	2.035	1.051†
Mallinson-Denny	Tuesday	1.0	1.5	1.25
More O'Ferrall	Monday	0.75	2.234	1.0
Merrins and Blakey Wall Papers	Thursday	1.15	2.35	1.75
Nineteen-twenty-eight Investment Trust	Thursday	2.5	5.05	2.75
Progressive Securities Investment Trust	Tuesday	0.75	1.75	0.9
Queens Moat Houses	Wednesday	Nil	0.125	0.125
Sabah Timber Company	Monday	0.43	1.019	0.317
Selincourt	Wednesday	0.4	0.56	0.45
Sunlight Service Group	Thursday	0.322	0.7	0.31*
Third Mile Investment Trust	Wednesday	—	—	0.495
Transatlantic and General Investments	Wednesday	1.65	3.1	1.85
Turriff Corporation	Thursday	—	2.08	—
Tysons (Contractors)	Monday	—	2.118	—
Usher-Walker	Monday	1.089	1.599	1.149
C. and W. Walker Holdings	Thursday	1.4	1.549	2.5
Ben Williams and Co.	Monday	Nil	Nil	Nil
Wire and Plastic Products	Tuesday	0.7	1.23	0.8
INTERIM DIVIDENDS				
Akroyd and Smithers	Wednesday	5.0	17.7542	
Burton Group	Thursday	0.6	0.9	
S. Casket (Holdings)	Monday	0.73	1.2	
Cedar Investment Trust	Tuesday	0.9	1.6	
Hall Brothers Steamship	Tuesday	Nil	2.64	
Investors Capital Trust	Tuesday	0.8	1.05	
Moss Engineering Group	Friday	0.528	2.11	
North Midland Construction Company	Friday	0.45	0.65	
C. H. Pearce and Sons	Monday	1.16	2.229	
Richards	Tuesday	0.22	0.815	
Stag Line	Friday	1.3	7.6	
Tricoville	Wednesday	0.7	1.124	
United Scientific Holdings	Tuesday	0.533	1.305	
Vaux Breweries	Thursday	3.2	17.589	
Warner Estate Holdings	Thursday	1.3	1.563	
Westward Television	Tuesday	0.35	1.1	
George Whitehouse (Engineering)	Wednesday	0.163	0.255	
John Williams of Cardiff	Thursday	0.8	1.39	
INTERIM FIGURES ONLY				
Commercial Union Assurance Company	Monday(a)			
Royal Insurance Company	Wednesday(a)			
Smith and Nephew Associated Companies	Tuesday(a)			
Wood Hall Trust	Thursday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes compensating dividend due to change in tax rate. ‡ Second interim in lieu of final. § Subject to Jersey tax throughout. ¶ Includes second interim of 6.63 paid during this 17-month period. (a) First-quarter figures.

RESULTS AND ACCOUNTS IN BRIEF

BENTALLS (department stores)—Results for year to January 29, 1978, reported April 14. Fixed assets £10.31m. (£10.01m.), net current assets £3.03m. (£2.74m.). Historic pre-tax profit £2.09m. and on CCA basis £1.55m. after depreciation £198,000, cost of sales £480,000 plus gearing adjustment £34,000. Ex-gratia payments to former directors £11,500 (nil). Working capital increased £1.29m. (£0.28m.). Meeting, Kingston-upon-Thames, May 25 at noon.

BERWICK TIMPO (toy and game manufacturer)—Results for 1977 reported April 7. Group fixed assets £1.98m. (£1.87m.), net current assets £2.36m. (£2.14m.). Bank and cash balances increased by £0.51m. (£1.12m. increase in overdrafts). Meeting, 79, Wells Street, W., May 24 at noon.

A. AND C. BLACK—Results for 1977 previously reported. Fixed assets £0.42m. (same), net current assets £0.85m. (£0.73m.). Increase in bank balances £29,417 (£477,501). Meeting, 35, Bedford Row, W.C., May 25 at 11.30 a.m.

W. H. BRAKSPEAR (brewers and bottlers, etc.)—Results for 1977 already known. Group fixed assets £1.5m. (£1.41m.). Current assets £0.75m. (£0.84m.), liabilities £0.75m. (£0.71m.). Decrease in liquidity £103,204 (£30,771 increase). Meeting, Henley-on-Thames on May 19 at noon.

BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST—Net revenue for six months to March 31, 1978, £81,100 (£77,900) after tax £47,200 (£51,300). Interim dividend 1.5p (1.05p) increased to reduce disparity. Net asset value 143p (141p at September 30, 1977).

CENTRAL NORSEMAN GOLD CORP.—Dividend No. 60—30 cents to be paid on July 4, bringing total dividend for July/June 1977-78 trading year to $1.15 (50 cents).

BRITISH MIDLAND AIRWAYS—Results for 1977 reported April 13. Fixed assets £9.98m. (£1.5m.), current assets £9.09m. (£6.44m.) and current liabilities £7.22m. (£5.72m.).

CATALIN—Results for 1977 already reported. Fixed assets £1.84m. (£1.57m.), net current assets £0.93m. (£0.71m.). Decrease in net borrowings £0.12m. (£0.41m. increase). Meeting, Harlow, Essex, May 26, at noon.

CLAYTON GROUP (Engineering)—Results for 1977 reported April 21. Group fixed assets £1.35m. (£1.02m.), net current assets £2.27m. (£1.87m.). Increase in cash balances £0.379 (£1.166 decrease). Meeting, Leeds, May 26 at 2 p.m.

DICKINSON ROBINSON GROUP (packaging makers)—Results for 1977 reported April 14. Group fixed assets £70.98m. (£68.52m.), net current assets £78.97m. (£70.76m.). Inflation adjusted pre-tax profit £11.8m. (£5.2m.). After depreciation £7.9m. (£6.9m.) cost of sales £3.9m. (£3.1m.) and gearing adjustment £1.5m. (£2m.). Year-end net funds up £2.37m. (down £12.89m.). Chairman says company soundly based to take advantage of any upswing in the economy. Meeting, Bristol, May 24, at noon.

FITZROY INVESTMENT COMPANY—Turnover half year to December 31, 1977, £952,000 (£774,000) and net loss £27,669 (£76,000). No tax (same). No interim dividend (same). Since the turn of year it has been policy of reconstituted Board to rationalise operation of the industrial group, in which losses have been made, and to reinforce the successful and profitable companies. Rationalisation programme will not be completed until late in the year and only then will its full benefits start to flow. For this reason, current financial year is to be extended to September 30, 1978.

FRANCIS INDUSTRIES (Engineering)—Results for 1977 reported April 19. Group fixed assets £4.85m. (£4.52m.). Net current assets £1.84m. (£2.14m.). Increase in cash £1.61m. (£0.31m.). Meeting, Great Eastern Hotel, EC, on May 24 at 12.45 p.m.

GENERAL INVESTORS AND TRUSTEES—Results for year to January 31, 1978, already known. Quoted U.K. investments £16.25m. (£11.37m.), outside U.K. £7.12m. (£7.91m.), unquoted in equities £0.9m. (£1.54m.), in other investments £0.05m. (£0.04m.). Net current assets £1.1m. (£1.62m. liabilities). Net liquid funds increased by £330,994 (£233,602 decrease). Chairman believes revenue and dividend will be at least maintained. Meeting, 1-2 Laurence Pountney Hill, EC, May 25, noon.

LONDON AND STRATHCLYDE TRUST—Gross revenue £235,627 (£206,079) for half year to February 28, 1978, and after tax £77,534 (£66,369) net revenue available £125,362 (£88,566). Earnings per 25p share 0.87p (0.61p) and interim dividend, already announced 0.475p (0.45p), absorbs £68,400 (£64,800). Total net assets £9,393,637 (£10,396,366 at August 31, 1977) and per share 46p (53p).

THOMAS MARSHALL AND CO. (LOXLEY) (fireclay refractories)—Results for 1977 reported April 22. Group fixed assets £2.5m. (£2.26m.), net current assets £4.36m. (£4m.). Net liquid funds increased £0.3m. (£1.11m.). Unicorn Industries held 14.17 per cent. of issued equity as at March 21, 1978. Meeting, Sheffield, May 25, noon.

MINET HOLDINGS (insurance brokers)—Results to December 31, 1977, already known. Net current assets £12.57m. (£9.72m.), fixed assets £14.7m. (£9.85m.). If exchange conditions more stable more traditional growth expected this year. Meeting, Abercorn Rooms, E.C., on May 26 at noon.

WM. MOWAT AND SONS (property dealer)—Turnover half-year to November 30, 1977, £79,450 (£33,949). Profit £7,200 (£5,135) before tax £1,890 (£1,500).

MUNICIPAL PROPERTIES—Results for 1977, reported April 1. Group freehold properties £1.56m. (£1.04m.), net current assets £24,809 (£226,404). Year-end working capital down £198,403 (£50,018), capital commitments not contracted £151,008 (nil). Meeting, Tonbridge, Kent, May 25, noon.

NORTH BRITISH CANADIAN INVESTMENT COMPANY—Results to February 28, 1978, reported April 1. Quoted U.K. investments £4.96m. (£3.35m.), overseas £0.13m. (same), unquoted £0.09m. (£0.07m.), cash £0.07m. (£0.2m.). Current assets £0.2m. (£0.09m.), current liabilities £0.31m. (£0.27m.). Meeting, Edinburgh, May 26 at 10.45 a.m.

RICHARDS (LEICESTER)—Structural and mechanical engineers and ironfounders. Results for 1977 reported April 5. Group fixed assets £1.35m. (£1.03m.). Net current assets £1.36m. (£1.25m.). Decrease in bank balance £90,000 (£19,000). Decrease in short-term loans £201,000 (£99,000 increase). Increase in working capital £509,000 (£163,000). Group stands poised for upturn in world trade. At March 31 Stainborough Securities held 22.6 per cent. of the equity. Meeting, Leicester on May 24 at noon.

SPEAR AND JACKSON INTERNATIONAL (tool makers)—Results for 1977 reported April 27. Group fixed assets £7.12m. (£8.09m.), net current assets £8.44m. (£9.16m.). Net liquid funds down £709,000 (£336,000). Capital commitments £1.26m. (£1.08m.). CCA profit reduction £0.97m. (depreciation £0.7m., cost of sales £1.29m., gearing £0.7m.). At April 3 Barclays Nominees (M) and G Group held 13 per cent. and London and Manchester Assurance Company 5.2 per cent. Meeting, Chartered Accountants Hall, E.C., May 26 at 11 a.m.

SUPRA GROUP—Results for year to November 30, 1977, reported April 19. Group fixed assets £1.75m. (£1.51m.). Net current assets £0.9m. (£0.8m.). Decrease in liquidity £0.75m. (£0.54m. increase). Turnover and profits on line for "very exciting year." Meeting, Birmingham on May 26 at noon.

TERN-CONSULATE (shirts and blouses)—Results for 1977 reported April 17, with prospects. Group fixed assets £149,120 (£355,729), net current assets £972,774 (£579,329). Bank overdraft decreased £167,932 (£90,175 increase). Meeting, Lawrence Road, N., May 25, at noon.

WHEATSHEAF DISTRIBUTION AND TRADING—Results to February 25, 1978, reported April 29. Group fixed assets £8.43m. (£8.35m.), net current assets £1.36m. (£0.14m.). £2.4m. (£1.7m.) decrease in net liquid funds. Meeting, Liverpool Street, E.C., July 6 at noon.

WINSTON ESTATES—Results for 1977 reported March 31. Group fixed assets £3.9m. (£4.05m.). Current assets £571,961 (£515,559). Current liabilities £290,741 (£440,096). Meeting, 10 Colton Street, W., on June 1 at noon.

WOLVERHAMPTON INDUSTRIAL ENGINES—For the 15 months to December 31, 1977, the company, which acquired the Villiers industrial engine assets from the liquidator of Norton Villiers in February 1977, made net profit of £35,561 on sales of £1.25m. The directors say sales in the current year should be usefully in excess of £2m. with direct exports accounting for over one-third of the total. Share capital and reserves amounted to £735,000.

ARTHUR WOOD AND SON (LONGPORT)—(earthenware teapots and giftware)—Results previously reported. Fixed assets at written-down values £0.26m. (£0.23m.), current liabilities £0.41m. (£0.34m.) and current assets £1.15m. (£0.91m.). Company has begun year with full order books and shortage of skilled labour is main restriction on increasing output. Meeting, Stoke-on-Trent, May 25 at noon.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

A spirited defence has been mounted by the three independent SUITS' directors who are opposing Lonrho's takeover bid. The document setting out their views argues that Lonrho's recent acquisitions have no apparent connection other than the fact that they were available; also deplored is the fact that *Lonrho's offer document contained no up-to-date borrowings or* profits information. The three consider that the offer—11 Lonrho shares *for every six SUITS—is too low* and should have contained a cash element. The defence document was published 24 hours after Sir Hugh Fraser, deputy chairman of SUITS, had said he would resign from the Board if the offer from Lonrho failed.

An increased offer from Hepworth Ceramic has been accepted by the Board of Johnson-Richards Tiles. The new terms are one Ordinary share of Hepworth plus 58p cash for each share of Johnson-Richards, the cash element having been raised from the original 39p. The increased offer was made following an upgrading of Johnson-Richards' estimated pre-tax profits for the year to March 31 last. Hepworth's offer for the Preference shares remains at 70p per share cash.

A bid from Fairbairn Lawson of 40p cash per share, which values Scott and Robertson at around £2m., has been rejected *by the latter's directors.* The approach, which was made on February 24, was conditional upon the directors recommending acceptance.

Dealings in the shares of loss-making Customagic Manufacturing were suspended on Wednesday following the announcement of an approach which could lead to an offer. Last January, *Mr. Michael Ashcroft* and *Mr. Allan Cloggie* acquired 20 per cent. of Customagic through companies in which they had interests. They became deputy chairman and managing director respectively.

Brooke Bond Liebig has extended its worldwide commodity activities by acquiring Wallace Brothers Commodities from Wallace Brothers (Holdings), a subsidiary of Standard and Chartered Bank, for £3m. cash. Standard and Chartered wanted to sell the commodity broking company as part of the reorganisation of the holding company which became part of Standard and Chartered in 1976.

An unidentified group has made a bid for the 72 per cent. *controlling interests in Canadian Vickers held by Vickers of the* U.K. This is the second approach this year and the bidders in both cases are believed to be *identical and Canadian.*

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid (£m's)**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
Blakey's (Malleable Castings)	52*	52	48	1.5	Allied Insulators	24/5
Carlton Inds.	165*	185	170	22.7	Hwkr. Siddeley	—
Cray Electronics	26*	24	87	2.58	Spey Invests.	—
Gedong Invs.	153§	143	125	0.52	Cons. Plants.	—
Jhnsn.-Richards (H. & R.) Tiles	136§§	129	118½	23.7	Hepworth Ceramic	10/5
KCA Intl.	29*	28½	28	7.7	Mr. T. Ward	—
Lond. Aust. Invs.	140*	133	123	11.2	Colonial Mutual Life	12/5
Lond. & Liverpool Trust	21*	22½	19	0.88	Aschheim Secs. & W. & A. SA Zug	—
Marler Estates	25*	29	21	0.88	Blade Invs.	—
Miln Masters	200*	196	163	4.23	Hilleshog AB	—
Randall (J. & L.)	114½	112	60	12.27	Letraset	—
Reynolds (W. J.)	45*	44	44½	1.75	Oakstone	—
Scot. & Univ. Invs.	130	122	107	40.6	Lonrho	12/5
Walker Sons & Co. (U.K.)	83	87	34	0.42	Anglo-Indonesian Plants	—
Wheatsheaf Dist.	210	194	168	33.65	Linfood	—
Young Austen Young	83*	83	66	3.4	Trafalgar House	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 4/5/78. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A. Arenson	Jan. 31	278	(161)	0.692	(0.629)
British Sugar	Mar. 13	7,678	(7,175)	1.65	(1.5)
J. A. Devenish	Mar. 17	186	(207)	2.125	(2.0)
Hawkins & Tipson	Feb. 28	522	(520)	1.0	(1.0)
Ldn. & Provincial	Dec. 25	221	(169)	0.331	(0.301)
Natl. & Commrel.	Mar. 31	26,274	(31,115)	1.375	(1.25)
Samuel Osborn	Mar. 24	1,006	(1,320)	1.1	(1.0)
Serck	Mar. 31	2,860	(4,400)	2.2	(2.0)
United Wire	Apr. 1	642	(936)	2.0	(1.5)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † For 52 weeks. ‡ For 53 weeks. § For 15 months. ¶ For 12 months. L Loss.

Scrip Issues

H. and J. Quick: One-for-one.
H. and J. Quick: One Preference for 11 Ordinary.
Marks and Spencer: One-for-one.
Vernon Fashion Group: One-for-one.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberdeen Constn.	Dec. 31	3,945	(4,527)	22.2	(22.4)	4.607	(4.125)
Bamfords	Dec. 31	0765	(760)¶	12.9	(14.2)	2.2	(0.88)
Boustead	Dec. 31	1,890	(1,550)	5.0	(3.1)	1.5	(1.5)
Bremner	Jan. 31	463	(583)	4.1	(5.1)	3.815	(3.8)
BHS	Apr. 1	27,022	(25,498)	12.4	(11.9)	6.273	(5.616)
Clement Clarke	Dec. 31	879	(958)	8.5	(9.7)	2.163	(1.938)
Davies & Newman	Dec. 31	802	(1,882)	6.9	(17.4)	7.504	(6.539)
Downs Surgical	Dec. 31	877	(581)	4.0	(2.4)	2.325	(2.177)
Elbar Indl.	Dec. 31	2,073	(967)	39.4	(20.8)	8.0	(6.962)
El Oro Mining	Dec. 31	544	(457)	6.5	(5.4)	1.088	(0.99)
Exploration Co.	Dec. 31	703	(560)	3.1	(2.5)	0.544	(0.495)
Feb Intl.	Dec. 31	321	(243)	3.2	(2.6)	1.76	(1.6)
Feedex	Dec. 31	821	(927)	5.3	(5.4)	1.375	(1.235)
Grovebell	Nov. 30	108	(30)	2.7	(1.4)	1.0	(0.8)
Haden Carrier	Dec. 31	1,423	(2,505)	8.7	(15.5)	7.795	(7.795)
T. C. Harrison	Dec. 31	2,315	(1,104)	15.7	(10.5)	4.125	(3.66)
Hawtin	Jan. 31	733	(594)	1.2	(1.5)	Nil	(Nil)
Hawthorn Leslie	June 30	78L	(315)L	Nil	(Nil)	Nil	(Nil)
John Laing	Dec. 31	21,067	(16,250)	15.8	(12.2)	3.119	(2.824)
Laporte Inds.	Dec. 31	10,242	(15,345)	12.2	(18.1)	6.765	(5.439)
Marks & Spencer	Mar. 31	117,915	(102,445)	9.9	(8.4)	4.244	(3.838)
Marshall's Unvsl.	Dec. 31	3,536	(2,605)	30.4	(29.0)	6.393	(5.037)
Mettoy	Dec. 31	2,817	(2,429)	14.7	(11.7)	2.122	(1.9)
Minty	Jan. 28	190	(188)	[illegible]	(22.9)	4.226	(3.819)
Mothercare	Mar. 31	13,881‡	(11,946)†	10.2	(8.6)	2.922	(2.645)
Nurdin & Peacock	Dec. 31	4,866	(4,057)	16.9	(14.1)	1.843	(1.664)
Photax (Ldn.)	Dec. 31	222	(302)	5.2	(7.4)	2.72	(2.439)
P & O Steam	Dec. 31	42,770	(31,120)	20.5	(16.1)	6.542	(5.857)
Porter-Chadburn	Jan. 5	1,277	(1,130)	21.2	(17.0)	5.271	(4.772)
Roberts Adlard	Dec. 31	552	(849)	11.8	(12.8)	4.317	(3.902)
J. Sainsbury	Mar 4	27,582	(26,182)	23.3	(24.4)	6.02	(5.445)
Scott & Robinson	Feb. 24	522	(786)	10.5	(8.3)	2.744	(1.829)
Sears Hldgs.	Jan. 31	65,311	(42,468)	6.2	(3.6)	2.58	(2.31)
UDS Group	Jan. 28	19,160	(16,180)	8.7	(8.0)	5.1	(4.8)
Vernon Fashion	Jan. 28	1,259	(615)	23.6	(11.4)	3.067	(2.746)
Wadham Stringer	Dec. 31	3,355	(2,246)	6.6	(4.0)	2.2	(1.359)
W. Williams	Dec. 31	216	(163)	5.2	(3.1)	1.123	(1.0)
George Wills	Dec. 31	987	(425)	10.1	(3.9)	1.534	(1.392)

Jas. Neill on target at £3.75m.

IN LINE with the estimate made at the time of the rights issue in January profits, before tax, of James Neill Holdings increased from £2.08m. to £3.75m. in 1977.

With Treasury consent, in the context of the rights issue, the dividend total is stepped up by 20 per cent. from 4.806p to 5.8p net, with a final of 3.643p on the higher capital as promised. A total of 6.38p has already been indicated for the current year.

Turnover increased from £33.03m. to £42.14m. with home sales up from £16.32m. to £22.09m. Export sales other than to overseas group companies rose from £9.79m. to £12.8m. and sales by the overseas companies went up from £6.93m. to £7.24m.

Commenting on the results Mr. J. Hugh Neill, chairman, says that, although, according to the Federation of British Hand Tool Manufacturers, total sales by U.K. manufacturers in 1977 fell by more than 2 per cent. in real terms, in these depressed market conditions the group achieved a significant and encouraging increase in sales volume.

Plans call for further expansion and the £8.8m. rights issue has provided the necessary capital to finance it. Capital expenditure was down from £1.4m. to £1.26m. in 1977 but in the next 18 months the group plans to spend £4.5m.

Sales by the U.K. companies increased by one-third with 40 per *cent. being to export markets.* This represents a significant increase in volume which led to a 62 per cent. improvement in their trading profit.

Sales and profits of the overseas marketing companies were adversely affected by the strengthening of sterling. The South African manufacturing company *did* better in 1977 but the Brazilian company still faced problems arising from commissioning delays.

The group balance attributable to *Ordinary* holders comes through at £2.86m., against £1.47m., giving earnings per 25p share of *21.8p (10.9p).*

Depreciation charged on buildings, plant and machinery, valued at current replacement cost, was some £680,000 higher than it would have been if based on historical cost.

Stock and work in progress increased by 9 per cent. to *£20.51m. and debtors rose by* 36 per cent. to £10.76m. reflecting the sales increase.

Borrowed capital increased by 5 per cent. to £14.55m. Since the year end the rights issue has increased shareholders' funds and borrowings have fallen accordingly.

	1977 £000	1976 £000
Turnover	42,146	33,032
Interest	1,507	1,380
Associate loss	7	13
Overseas loss	12	†306
Investment income	62	57
Profit before tax	[illegible]	2,075
Taxation	372	389
Minorities	3	6
Attributable Ordinary	2,860	1,467
Retained	1,912	827

† Profit.

The group's business is that of tool manufacturing and general engineering, etc.

has been receiving orders at an encouraging rate.

Plastics division turnover has also been maintained at the higher levels of 1977 and for the group as a whole the chairman expects to at least maintain the progress achieved in the past. Pre-tax profit last year climbed from £1.15m. to £1.29m.

Meeting, Wellington, Somerset, on June 2, at noon.

Higsons first half standstill

Little change in taxable profits, with a figure of £665,066 against £634,248, is reported by Higsons Brewery for the six months to March 31, 1978. Turnover for the period advanced from £8.55m. to £9.63m.

Earnings per 25p share are stated at 3.15p (adjusted 3.005p) and the interim *dividend is effectively* lifted from 0.375p to 0.4p net; last year's total was equivalent to 2.254p from profits of £1.82m.

The half year profit includes *bank interest of £19,757 (£23,042)* and investment income of £25,301 (£26,634), but is after a loss of £5,316 (£4,633 profit) on sale of investments and property. Tax took £346,000 (£330,000).

Relyon

THE CURRENT year at Relyon PBWS has opened well, albeit with *some disruption following* severe snow in February, Mr. H. Brockenshaw, the chairman, says in *his annual statement.*

As always the company's performance must be influenced by the state of the economy, he says.

A new company, Brendon Designs, formed late in 1977 to manufacture upholstered products

Over £1.2m. from Argus Press

GROWTH in taxable earnings from £934,245 to a record £1,289,435 is reported for 1977 by Argus Press Holdings, a wholly owned subsidiary of British Electric Traction. Turnover by the company, whose assets are principally Argus Press, was ahead £2.41m. to £13.5m.

After tax of £727,336 (£506,544) earnings per 25p share are shown higher at 16.49p (12.30p). A net final dividend of 8p lifts the total to 11p (8.23p).

Minorities amounted to £15,159 (£13,941).

The subsidiary Argus Press lifted taxable profit to £1,292,976 (£937,490) on the £13.5m. (£11.09m.) sales shown by the parent.

Earnings per £1 share were 80.2p (22.8p) and a net final dividend of 14.5p raises the total to 20.5p (15.75p).

The tax charge was that reported by the parent and minorities amounted to £4,071 (£4,823).

Outlook at Harris & Sheldon

The strength derived from having interests in a variety of industries will stand Harris and Sheldon Group in good stead during the current year, states Mr. J. D. Miller, the chairman.

However some improvement in both the capital and consumer markets is necessary far more than modest improvements in turnover and profits.

If an increase in spending occurs towards the end of the year, the group is strongly placed to take advantage through its consumer product companies. This in turn should yield more interest in capital goods to the benefit of the other subsidiaries, members are told.

The planned expansion of certain subsidiaries carried on during 1977 and borrowings have risen. The increase, to some £4¼m. is more than accounted for by new investment in existing subsidiaries. Investment will continue into the first part of 1978 but will then fall away. Consequently, borrowings will increase rather less, perhaps reaching £6½m. by the middle of the year when they should then decline slightly towards the end. The group still has ample unused facilities and will have no problem in completing its current investment programme, says the chairman.

Meeting, Packington Park, Nr. Meriden, Warwickshire on May 25 at 3 p.m.

Peak £2.4m. at Guardian Investment Co.

Pre-tax revenue of Guardian Investment Company rose from £2.09m. to around £2.44m. in the March 31, 1978 year.

The result is subject to tax of £0.91m. (£0.78m.) and earnings per 25p share are shown at 2.83p (2.39p), and net asset value after prior charges at 102.6 (93p) per share.

A final dividend of 1.95p takes the total for the year from 2.35p to 2.7p.

PYE GAINS STRENGTH

Lord Thorneycroft, chairman of Pye, told shareholders at the AGM *that the disposal of the group's* consumer business last year had strengthened its financial position, through "the elimination of substantial lossmakers."

He said that the reconstruction had resulted in a substantial reduction of borrowings and gearing and liquidity had been improved. "We are therefore well placed to take advantage of developing opportunities in the professional electronics sector," said Lord Thorneycroft.

BIDS AND DEALS

S. & W. Berisford acquisition

S. and W. Berisford, the commodity broker and food supplier, has acquired H. E. Daniel for £2.25m. in cash and shares.

Daniel manufactures perfume compounds, food flavourings, aromatic chemicals and resinoids. It also distils essential oils and imports and exports botanicals, gums and balsams.

Daniel exports four-fifths of its turnover and has overseas contacts which Berisford hopes will benefit its existing suppliers of food raw materials such as *pepper and spices. Likewise* Berisford has many U.K. customers who might be persuaded *to take Daniel's* products.

Berisford is also attracted by the high margins in Daniel's business. "It is a nice area to be in," said Mr. N. G. Hanson, Berisford's finance director yesterday.

The purchase, which is effective from April 6, 1977, was paid for with 1,328,740 shares and £582,500 cash.

Daniel made pre-tax profits of £438,000 in the year to April 5, 1977 when its net tangible assets were £1.6m.

VANTONA

Vantona Group, the textile *company, has increased its stake* in Sekers International by 386,967 shares to 1,524,967 (26.9 per cent.). The additional shares were offered to Vantona and the deal was done at 24p per share making it worth £97,000.

Vantona describes the purchase as an "investment."

JOHNSON MATTHEY BANKERS

Johnson Matthey Bankers has formed a subsidiary, Johnson Matthey Commodities Hong Kong, to trade in gold and foreign exchange throughout the Far East.

CHADDESLEY IN TALKS

Shares of Chaddesley Investment were temporarily suspended yesterday following disclosure that talks were taking place that may lead to a takeover bid being made.

The identity of the potential bidder was not disclosed but the broking firm, Rowe and Pitman, Hurst-Brown is advising the bidder and a further announcement is expected on Tuesday.

BLUNDELL-PERMOGLAZE

Blundell-Permoglaze Holdings *has completed the reorganisation* of its Scottish decorating merchants. The businesses at Ayr and Dumfries have been bought by Mr. W. K. Lowrie. The Glasgow branch reverts to a manufacturer's distribution depot under the name of Blundell-Permoglaze. The *Dundee branch is operating* through a wholly-owned subsidiary to be called Lowries *(Dundee), and will be the group's* only involvement in merchanting in Great Britain. The Inverness and Edinburgh branches were closed at the end of March.

ASSOCIATES DEALS

On May 4, J. Henry Schroder Wagg sold 15,000 Wheatsheaf at *195p on behalf of associates.*

Rowe and Pitman Hurst-Brown sold for discretionary investment *clients* 2,000 *Letraset* International at 138p. They also sold for a discretionary investment client 5,000 Wheatsheaf at 190p.

SAML. OSBORN

The Board of Samuel Osborn said yesterday that no merger talks are in progress between the *company and Aurora Holdings,* which recently acquired a near 30 per cent. stake in Osborn.

S. A. RICHARDSON

The offer by C. H. Industrials *for the capital of S. A. Richardson* has become unconditional.

By May 5, acceptances had been *received in respect of* 2,763,916 Richardson shares (97.76 per cent.) including those allotted under the scrip issue. The offer remains open.

SHARE STAKES

Jessel Toynbee and Company—John Swire and Sons has sold 350,000 shares bringing holding below 5 per cent.

Sekers International—Vantona Group has purchased 386,967 Ordinary shares at 24p. These, together with the existing holding, are to be held as an investment, Vantona stated.

Supra Group—Quinton Hazel has sold 55,597 shares and Mrs. M. Hazell 19,580 under recent rights issue.

Sanderson Kayser — Globe Investment Trust bought 131,000 shares on April 28 and has total interest of 590,000 shares (9.89 per cent.) Electra Investment Trust as a result of a purchase on April 28 has interest in 300,000 (5.03 per cent.).

Lookers—Mrs. Gillian Platts, wife of director, sold 30,000 shares on April 11. Total holding of R. J. Platts, his wife and family interests now represent 10.34 per cent.

Jessel Toynbee and Co.—Bricomin Investments—wholly owned subsidiary of British and Commonwealth *Shipping* Co.—has acquired a further 250,000 shares bringing holding to 850,000 (8.05 per cent.). John Swire and Sons has sold the remainder of its holding.

George Whitehouse (Engineering)—Cleves Investments have disposed of the whole of their *interest (48,000 Ordinary shares).*

F. J. C. Lilley—Mr. B. M. Lilley has sold 675,000 shares. Holding *now* 1,306,700 (8.05 per cent.) Shares have been placed with a number of institutions.

Lesney Products—Interests of First C.B. Trustee and J. W. R. Lindsey both fell below 5 per cent. on April 28. S. B. Quin is interested in 4,969,130 Ordinary shares (17.04 per cent.) and 1m. Deferred Ordinary (50 per cent.). N. V. Smith is interested in 6,502,621 Ordinary shares (22.3 per cent.) and 1m. Deferred Ordinary (50 per cent.). *These alterations arise from a change in trusteeships and not from purchases and sales of shares.*

Warne, Wright and Rowland: Central Manufacturing and Trading has acquired 865,000 Ordinary shares representing over 5 per cent.

R. Cartwright (Holdings)—Mrs. A. J. Northam sold 50,000 shares on April 21 leaving holding at 203,929.

Taylor Pallister and Co.—On April 28 East Rand Consolidated and its associates sold 180,950 *shares, their entire holding.*

F. J. C. Lilley—Prudential Group holds 904,351 shares (5.56 *per cent.).*

Crescent Japan Investment Trust—Commercial Union has acquired 300,000 shares making total interest 22.87 per cent.

Linfood Holdings — Guinness Peat Group acquired 295,000 shares between April 18 and 28 and now has an interest in 4,436,186 shares.

Cooper Industries — G. R. Maddox and D. Pennell, trustee for the settlement for the children of J. C. Cooper, have acquired 16,000 shares (0.05 per cent.).

Petrocon Group—R. F. Atkinson, director, on April 28 sold 418,285 Ordinary shares—his total holding, representing a 7 per cent. stake in the company.

Wholesale Fittings Company—M. and G. Assurance Group on April 25 acquired 190,100 shares (5.4 per cent.). These shares will be registered in name of M. and G. Group (Lombard Street) Nominees K A/C.

Sabah Timber—H. R. Kibblewhite bought 2,900 shares—total holding is therefore 7,900.

Debenhams—London and Manchester Assurance Company holds 86,000 Cumulative "B" Preference shares (8.05 per cent.).

John I. Jacobs and Co.—London Trust Company has beneficial interest of 1,200,000 shares (5.2 per cent.) *following* recent purchase of 50,000.

M. Mole and Son—J. E. M. Lawson, director, has acquired 17,000 shares. W. P. Gilmour, director, has acquired 19,500 shares. *Lawsons* (Whetstone) Ltd. has acquired 15,000 shares.

Francis Industries—Singer and *Friedlander has become beneficial* owner of 100,500 shares. These shares should be aggregated with *the 910,418 shares* in which West City Securities, a subsidiary of Singer, has a beneficial interest. This makes total interest 1,010,918 shares (13.94 per cent.). At same time Singer has notified that 100,500 shares have been disposed of thus returning group interest to figures previously declared 910,418 shares (12.55 per cent.).

Letraset International—J. G. Soper, director, has exercised an option granted under the option scheme in respect of 30,000 shares at 70½p.

Assam Frontier Tea Holdings—Caparo Investments has acquired a further £10,000 Ordinary stock *increasing holding to* £86,000 (9.14 per cent.).

Reed Executive—M. J. Whittaker, director, sold on April 28 14,400 shares, leaving holding at 64,400.

Mears Brothers Holdings—E. E. Bulkeley sold 50,000 shares at 23p and resigned as a director on April 27. He is 68.

Arbuthnot Latham Holdings—London Trust Company has bought 40,000 shares increasing holding to 380,000 (5.598 per cent.).

A. G. Stanley Holdings — Mrs. Esme E. Stanley has recently sold 50,000 shares at 139p reducing her holding to 4.2 per cent.

Lindsay and Williams—Notified by Mr. Peter Bennett of Security Growth that they have voting control over 103,000 Ordinary shares (9.90 per cent.).

Epicure Holdings—L. Brealey, director, sold on April 28, 20,000 shares at 12p and 23,964 at 12½p.

Kleeneze Holdings — Barclays Nominees Mining group on April 25 held 170,177 shares (6.25 per cent.).

Francis Industries—West City Securities has sold 40,000 shares reducing holding to 870,418 shares (12 per cent.).

Thomas Marshall and Co. (Loxley): Unicorn Industries holds 175,000 Ordinary shares (14.58 per cent.) and 220,500 "A" Ordinary shares (5.075 per cent.).

HIGSONS BREWERY LIMITED

INTERIM STATEMENT

Unaudited accounts of HIGSONS BREWERY LIMITED for the 26 weeks ended 31st March 1978 are announced as follows:

	26 weeks to 31.3.78 £	26 weeks to 1.4.77 £	52 weeks to 30.9.77 £
Turnover (external sales excluding VAT)	9,628,606	8,553,444	18,087,000
Trading Profit	625,324	579,939	1,698,609
Bank Interest	19,757	23,042	46,138
Investment Income	25,301	26,634	48,896
Profit/(loss) on Sales of Investments and property	(5,316)	4,633	28,233
Group Profit before Tax	665,066	634,248	1,821,876
Less Corporation Tax @ 52%	346,000	330,000	931,000
Group Profit after Tax	319,066	304,248	890,876
Earnings per Ordinary Stock Unit	3.15p	3.005p*	8.80p*

A net interim dividend on the Ordinary Stock as increased by the one-for-one Scrip Issue of 0.4 pence per stock unit of 25p amounting to £40,505.60 has been declared and will be paid on 9th June 1978 to Stockholders on the register on 16th May 1978.

* Adjusted for the scrip issue in January, 1978.

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 4.68 despite adverse news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 5.

PRICES CLOSED mostly higher on Wall Street to-day, but some unfavourable economic news was eroding prices towards the close.

After advancing nearly 9 points, the Dow Jones Industrial Average finished 4.68 up at 829.09, reducing its loss on the week to 8.23. The NYSE All Common Index, at $53.97, gained 37 cents on the day and a net 7 cents on the week, while rises led falls by 987-to-500. Trading volume expanded 5.16m. shares to 42.68m.

The market surged ahead in early trading despite the report after Thursday's close of a steep rise in Business Bank-Loan demand and a new expansion of the money supply. The reports suggest that the Federal Reserve soon will raise its Discount Rate. Other interest rates have recently been gaining on Federal Reserve credit-tightening to control inflation.

On Thursday, the Government reported that Wholesale Prices of Finished Goods moved up an adjusted 1.3 per cent. last month, emphasising the inflation problem.

Early Friday, the Government reported that unemployment in April fell to 6 per cent. — the lowest level in 3½ years.

Pan American Airways, the most active issue, rose $½ to $7¼. Northwest Airlines moved ahead $1 to $27¾ on sharply higher March quarter net earnings.

Ennis Business Forms advanced $1¼ to $14¾ on a planned dividend increase.

Panhandle Eastern Pipeline jumped $3½ to $47½.

THE AMERICAN SE market value Index moved ahead 1.10 to 139.89, making a rise of 3.53 on the week. Volume 6.119m. (5.122m.) shares.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan Amer. Airways	1,051,800	7¼	+½
Squibb	510,800	28¼	+1½
U A L	364,500	23	+¾
Exxon	355,500	45⅞	+1½
Nat. Semiconductor	313,100	26⅞	+1½
J. Ray McDermott	279,300	26⅜	+1½
Eastern Air	264,500	10⅜	—
Occidental Petrlm.	261,500	24⅞	+⅛
Utd. Technologies	252,200	42⅞	+1½
CNA Financial	251,200	11	+⅛

OTHER MARKETS

CANADIAN STOCK markets were mostly higher in active trading yesterday, with the Toronto Composite Index up 4.0 to 1091.4.

The Metals and Minerals Index advanced 8.9 to 923.0. Oil and Gas 10.3 to 13.95, while Banks firmed 0.01 to 256.03. The Gold Index lost 2.2 to 1268.0, Papers 0.69 to 111.57 and Utilities 0.20 to 169.23.

Imperial Oil "A" gained $⅜ to $19¼ on an Arctic gas discovery.

TOKYO—Closed yesterday — Children's Day.

PARIS—Firm with small buying interest. But Foods generally easier.

U.S. Stocks lost ground. Germans steady. Golds mixed.

GERMANY—Little change in quiet trading.

Mannesman fell DM7 to 155.3 on rumours of a lower dividend.

Schering rose DM8 to 249.

Public Authority Bonds fluctuated narrowly, while Regulating Authorities bought DM1.8m. nominal of stock. Mark Foreign Loans steady to firmer.

AMSTERDAM — Mixed in generally quiet trading.

Shippings and Transports weakened, Banks and Insurances mostly firmer.

State Loans edged higher.

SWITZERLAND—Mixed in quiet trading.

Swissair up Frs.3 to 788 following its March results.

Banks and Financials generally edged lower. Small gains predominated in Insurances.

Domestic and Foreign Bonds eased in thin trading.

Foreign sector moderately active. Dollar generally weaker, Dutch Internationals slightly lower. Germans narrowly mixed.

COPENHAGEN — Generally lower in fair dealings. Industrials mixed.

Oslo—Banking and Shippings quiet. Insurances slightly easier. Industrials barely steady.

VIENNA—Slightly firmer.

MILAN — Mixed in featureless trading.

Bonds little changed.

AUSTRALIA—Rises outnumbered falls among Industrials but falls were in the majority among Minings.

Uraniums were down with Pancontinental 60 cents lower at 11.30 and Queensland 5 cents at $A2.15. Central Norseman Gold gained 10 cents to $A8.20.

HONG KONG—Mixed in quiet trading.

JOHANNESBURG—Gold shares eased towards close in line with declining bullion prices.

Mining Financials little tested, although "Johnnies" were up 20 cents to R1.970.

SINGAPORE

May 5	$	May 5	$
Industrials		Straits Trad'g	6.55
Boria	0.72	Times Pub. Berhad	2.92
Boustead Co.	1.78	U. Engineers	1.51
Boustead Bhd	2.40	U. Ov's. Bk.	2.85xd
Dunlop	3.08xa	Wearne	2.82
Esso	3.0	Tractor	†3.89
Fraser Neave	†4.52	Chemical	†4.06
Haw Par	1.05	Willis Jacks.	—
Hume Ind.	1.61	Rubbers	
Inchcape	1.93	Batu Lintang	1.59
Jardine	2.71	Dunl'p Estate	3.34xd
Malay Brew.	†5.20	Kempas	—
Malay Cemt.	—	Tins	
Mal. Tobacco	6.66	Austral. Am.	4.32
Met. Bx. Sing.	2.66xd	Berjuntai	7.75xd
Ov'sChin. Bk	6.70	Kampar	—
Pan Electric	1.88	Kramat	—
Robinson Co.	2.40	Kuchai	—
Rothman	3.50	Lower Perak	†1.23
Shell	2.14xd	Petaling Tin	†5.60
Sime Darby	2.25xa	Supreme Cp.	†2.0
Cold Storage	2.10	Tronoh Har.	—
Straits Steam	2.68xd		
Straits Times	—		
1970 Ltd.			

Indices

NEW YORK — DOW JONES

	May 5	May 4	May 3	May 2	May 1	Apr. 28	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	829.09	824.41	828.83	840.18	844.55	837.32	844.55 (1/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.80	88.06	88.05	88.38	88.08	89.01	90.86 (4/1)	88.58 (2/5)	—	—
Transport	224.75	225.90	224.28	224.78	225.51	224.58	225.51 (1/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.45	106.01	106.12	106.55	106.45	106.58	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	42,680	37,520	37,600	41,400	37,020	32,850	—	—	—	—

*Basis of Index changed from August 24

Ind. div. yield %	April 26	April 21	April 14	Year ago (approx.)
	5.58	5.75	5.85	4.60

STANDARD AND POORS

	May 5	May 4	May 3	May 2	May 1	Apr. 28	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
‡Industrials	108.84	106.92	108.27	107.45	107.82	106.94	107.82 (1/5)	95.52 (6/3)	134.84 (11/1/73)	3.52 (30/6/32)
§Composite	96.55	95.83	96.26	97.25	97.67	96.83	97.67 (1/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 3	Apr. 19	Apr. 12	Year ago (approx.)
Ind. div. yield %	5.02	5.14	5.36	4.33
Ind. P/E Ratio	9.18	8.94	8.66	10.57
Long Govt. Bond yield	8.39	8.30	8.34	7.71

N.Y.S.E. ALL COMMON

May 5	May 4	May 3	May 2	1978 High	1978 Low
53.97	53.60	53.72	54.10	54.36 (1/5)	48.37 (6/3)

Rises and Falls

	May 5	May 4	May 3
Issues traded	1,903	1,888	1,909
Rises	987	687	571
Falls	500	791	897
Unchanged	416	410	441
New Highs	175	79	182
New Lows	24	30	23

F.T. CROSSWORD PUZZLE No. 3,660

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

ACROSS

1 Only the Merchant Navy is sacred (6)
4 Single out foreign currency getting cheaper (4,4)
10 Cricketer newsman shunned (9)
11 Eastern decoration and foreign ant (5)
12 Wrong baby is outside right (4)
13 Attractive invitation to walk up and strike female (4,6)
15 Understand how to make money from assets (7)
16 Infant from South Africa in silk (6)
19 Tradesman supplying wood to the Queen (6)
21 Defensible West-end permit (7)
23 Devotion to broadcasting for Heaven's sake (4,2,4)
25 The two of us propose to be fit (4)
27 Start where shooting takes place in Hollywood (5)
28 Make semi-revolution concerning features (5,4)
29 Salt made at sharp speed (8)
30 Threaten mischief before close (6)

DOWN

1 Pitiful tale cries politician (3,5)
2 Something for tea at the hen party? (5,4)
3 Debatable for doctor to turn up (4)
5 Notice habit of speech (7)
6 Remember to confine intelligence (4,2,4)
7 Ring twice over speed of sex-appeal (5)
8 Qualities of aunt re-cast differently . . . (6)
9 . . . in reception (2,4)
14 Account of letter sender threatened with prosecution (4,6)
17 Board on look out for dishes, cutlery, etc. (5,4)
18 Fit to study bookworm's quality (4,4)
20 Strike over sector fortification (7)
21 Engage to accept a challenge (4,2)
22 Finished batting at top speed (3,3)
24 What an armoured knight had to face (5)
26 Check branch of family (4)

Solution to Puzzle No. 3,659

PRESENTS PORTER / EASYRIDE STRESA / THEGREYS IMPORT / BETTERDAYS / FINALPROOF / ELEVEN AGRICOLA / CHARMS CINCHONA / SEDENT ADDENDUM

SOLUTION AND WINNERS OF PUZZLE No. 3,655

Following are the winners of last Saturday's prize puzzle:

Mr. J. Frisken, 6, Rosebery Road, Felixstowe, Suffolk IP11 7JR.

Mr. R. G. Hemstritch, 1, Benett Drive, Hove, East Sussex.

Mr. H. C. Thomas, "Arvonholme," 5, Joanna Drive, Finham, Coventry CV3 6QE.

FELIME HOLDFAST / INGRATE EASTERN / HALT MUMBOJUMBO / MUNCIO CONCORD / KEYHOLE REMOTE / TRAMDRIVER ORAL / HAYWAIN BASHFUL / DISASTER ASSENT

RACING — BY DOMINIC WIGAN

Admiral's Launch set fair for the Guineas

THERE have been too many rumours in normally highly informed circles concerning the well-being of Try My Best to cause anything but disquiet among those looking for the winner of to-day's 2,000 Guineas.

In the belief that he may win, but represents far from realistic value at current odds of around 4-5, I intend looking to one of the Irish colt's 18 rivals for win-and-place value in the Newmarket classic.

Three likely-looking each-way alternatives to the favourite seem to be Admiral's Launch, Double Form and Roland Gardens.

The first-named, a good-looking bay colt from West Ilsley, will be trying to repeat history, for it was back in 1971 that his sire, Brigadier Gerard, won this prize for Dick Hern.

Although the claims of Admiral's Launch cannot be compared with those of his sire, they bear close scrutiny.

The facile winner of the Houghton Stakes over seven furlongs on his second and final outing as a juvenile, Admiral's Launch impressed all who saw him on his reappearance when getting the better of Tannenberg in the Craven Stakes.

Roland Gardens had a busy time of it compared to the Hern colt last year—running four times, with by far his best effort coming in the Horris Hill Stakes at Newbury.

Always well up with the leaders in that seven furlong race, Roland Gardens scrambled home from dead-heaters Derrylin and Persian Bold only to be disqualified.

In his only previous start this term, Roland Gardens ran well in spite of looking in need of the outing when chasing home Camden Town and Roscoe Blake at Teesside Park.

As a son of Derring-Do, out of the Skymaster mare, Katricia, Roland Gardens will be ideally suited by what seems certain to be testing ground at the very least.

No horse was more heavily backed at Newbury just over a fortnight ago than Double Form, a 2—1 chance from twice those odds, for the Greenham Stakes. Although he did not justify that gamble—finishing only third behind Derrylin (another son of Derring-Do) and Weth Nan—The Habitat colt, a chestnut son of Fanghorn, arguably put up the best performance in the race.

Repeatedly denied a clear run, he was not given a hard race by Piggott when it became clear he had too much to do inside the final furlong.

Nevertheless he finished a close enough third to suggest that he may well turn the tables on the winner, given normal luck in running here.

In what promises to be a particularly closely fought race for this classic which has produced three shocks in the last five years—Mon Fils, 50-1 in 1973, Bolkonski, 33-1 two years later and Nebbiolo, 20-1 last year. I narrowly prefer Admiral's Launch to Double Form and Roland Gardens.

NEWMARKET

1.30—Mr. Music Man
2.15—Admiral's Launch***
Double Form e.w.**
2.50—Flaming Leaves
3.20—Hawkins
3.50—English Export
4.20—Storm Crest
4.50—Sea Boat

RIPON

6.30—Hand Made
6.55—Broons Secret
7.20—Exaeum
8.20—Design for Living

SPAIN ♥

May 5	Per cent.	
Asland	126	—
Banco Bilbao	334	+15
Banco Atlantico (1,000)	266	+8
Banco Central	340	+12
Banco Exterior	306	+6
Banco General	280	+2
Banco Granada (1,000)	167	+3
Banco Hispano	254	+10
Banco Ind. Cat. (1,000)	189	+9
Iberduero	87	+5
Olarra	158	+10
Papeleras Reunidas	72.50	+3.50
Petroliber	120	+3
Petroleos	212	+10
Sarrio Papalera	72	+2.25
Sniace	90	+1
Sogefisa	125	+5
Telefonica	92	+2.25
Torras Hostench	103	+5
Tubacex	138	+6
Union Elec.	87.75	+5

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—110% (110%)

Effective rate (1.8275) 47¼% (47¼%)

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Securities Rand $U.S.0.73½ (Discount of 36.30%)

FINANCIAL TIMES SURVEY

Saturday May 6 1978

Building Societies

After two centuries of quietly encouraging savings and fostering home ownership the building societies are facing one of the most crucial periods in their history. There is growing debate about their role in society and the path they should follow.

Way ahead less clear

This Survey was written by Michael Cassell

THE BUILDING societies can, despite their unprecedented success, be forgiven for feeling uncertain about themselves and about the direction in which they are heading.

Recent events have meant that their attention has been wrenched away from the more traditional problems associated with their business and turned towards an urgent re-appraisal of their role in the country's financial system and the way in which they can now expect to develop.

There is no atmosphere of crisis among the societies, rather a feeling that the sort of decisions which they now face on a range of matters affecting their operations will be crucial in terms of their future development. They should therefore be given more and deeper consideration than any which have gone before.

It is tempting to suggest that the societies really are at or approaching the crossroads after a 200-year journey which *has so far taken them along a* straight and fairly trouble-free road. They are constantly aware that such is their present size and their consequent importance—they control assets of £34bn. compared with the clearing banks' sterling deposits of £28bn.—that decisions will be taken for them unless they take them first.

The whole question of self-determination is in itself perhaps the biggest problem the societies face and concern about the growing level of intervention in their affairs has reached a new peak. Influential opinion within the movement is deeply divided about the best way to react to the new situation.

Just two recent events have served to focus attention on some of the problems which must now be confronted. Both were unpredictable and unwelcome and together they have served in some respects to jolt the building society movement out of the quite understandable *sense of well-being which has* recently surrounded its affairs.

The first came in the form of direct intervention in the societies' lending polices on the part of the Government, which took them by surprise and which did little to improve relationships between the two sides. In as much as Government officials have for some time been a party to decisions on matters such as lending programmes, intervention is in itself nothing new but the latest incident perhaps underlined the extent to which the societies are already in danger of losing the right to decide their own affairs.

Despite an agreement at the beginning of 1978 which set the societies' lending for the first half of the year at a level designed to avoid any rapid rise in house prices, officials informed the movement in February that its lending would have to be cut back.

Reasoning

If the societies could accept the intervention itself, they found it extremely hard to accept the Government's reasoning for such a move. The official line—how closely Ministers themselves were actually involved still remains uncertain—was that house prices at the beginning of 1978 had started to rocket at a rate which brought back memories of 1972-73 and that the only solution was to stem the supply of mortgage finance.

The statistics on which the *call for lending cuts was based* were regarded by the Societies as highly unreliable and unrepresentative of the general situation. They also warned that to tamper with the market *could well store up rather than* solve any problems on the pricing front. Subsequent statistics appear to have borne out the societies' suspicions that the general situation had not become as serious as some had suspected.

The societies were certainly anxious to prevent a major spiralling of house prices but they simply did not believe that this was about to happen. The fact remains, however, that they went ahead and complied with a "request" which most believed was ill-founded and which represented an entirely unnecessary panic measure.

Their decision to comply and *to introduce an artificial mortgage shortage* which they believed to be wrong illustrates well enough the dilemma in which the societies find themselves. They believe that a major confrontation with the authorities over any aspect of their operations or of their policies could trigger off a process in which their independence—until now miraculously kept comparatively intact—would be rapidly curtailed.

On the question of mortgage restrictions, the societies could have—some believed they should have—told officials to go away and learn a bit more about the housing market before attempting to influence it in such an amateurish way. The price, however, for such a fearless stance could have been a high one, with the societies' rebuff forming the catalyst for a series of legislative measures designed to clip their wings.

How justified their fears are on this front remains uncertain, although they believe they have received sufficient hints to leave them in little doubt that much tighter supervision, policy control or less equable taxation treatment might follow any decision which flew in the face of government thinking.

Until now the "doves" in the movement have won the day whenever potentially explosive matters like the restriction on loans have arisen. But the point being made with some force by others within the societies is that by repeatedly bowing to government pressure because of fears over growing controls the movement will be *actively participating in, rather* than minimising, the dissipation of its own right to effective self-determination.

The debate may well be simply about the manner in which the societies succumb, for they have become a major force on many fronts and few of the industry's leaders believe it reasonable to expect that outside interest in their affairs will not grow accordingly.

Apart from their success in relation to the clearing banks, the societies are now three times greater than the National Savings movement, they have become a significant force in the gilt-edged market and are among the most important lenders to local authorities. They provide housing finance for over 700,000 people a year and lending in 1978 could reach a staggering £8bn. Branch development still mushrooms and record asset growth rates are breached with inevitable regularity. To achieve all this and to maintain a low profile is asking too much.

The second incident to throw the societies' problems into relief was the collapse of the Grays Building Society, a major catastrophe in itself and one which seems likely to have far-reaching repercussions for the *whole movement.*

Such an event would hardly be welcomed in any circumstances, but its timing could not have been worse. With the societies coming under increasing pressure for changes in their operations—particularly from the clearing banks, which have become very testy about the societies' success in attracting deposits—the Grays affair could not have done them a greater disservice.

The banks have already been campaigning, in the *form of* evidence to the Wilson Committee, in support of fiscal parity, or equal tax treatment, for building society and bank depositors. In addition they expressed *concern over* the apparent exclusion of the societies from proposed arrangements for a special fund to provide protection for depositors in banks, planned under the new banking supervision legislation.

No one has suggested that the Grays collapse and the circumstances surrounding it are any more a characteristic of building society operations in general than of banks, but the incident will do nothing to remove the societies from the penetrating surveillance of those with a special interest in their every move.

From the Grays affair itself, the societies have emerged quite well. But despite the immediate reassurances that investors affected would not lose their money, the societies have so far been unable to hand out those funds.

Immense legal problems remain to be sorted out while the official inquiry into the collapse continues. The societies are making arrangements among themselves to cover the near-£7m. loss, although the investors will have to wait some time yet for their money.

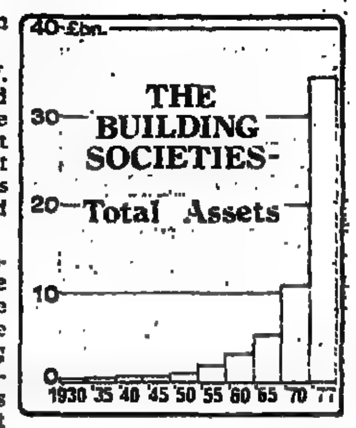
The societies' readiness to guarantee people's investments is laudable, though necessary if membership of the Building Societies Association is to mean anything; the societies' inability to pay up at once is very regrettable.

The affair has inevitably sparked off moves to establish a compensation fund to cope with any similar incidents in *future, although these have provoked* differing reactions within the movement. Calls for more effective regulation have also followed.

Reluctant

But some of the largest societies are apparently reluctant to set aside funds—with contributions formulated on an asset-ratio basis their liability will be greater—to cover the weaknesses of any smaller and badly-run operations which stumble.

Many executives want to see a rapid contraction in the number of small societies and it is a view shared in other quarters, not least by the Chief Registrar



of Friendly Societies, who said after the Grays affair that more mergers were necessary.

The small societies themselves claim they are carrying out an invaluable task and should be allowed to get on with it. The *largest regard them in many* respects as a millstone around their necks which have an unequal influence on their policy decisions—particularly in the field of interest rates—and *which also occasionally damage* the movement's image by way of a spectacular collapse.

But more important, the Grays affair will serve to highlight a few more chinks in the societies' protective armour and provide evidence for those who believe that more effective regulation is necessary. There are already suggestions that the Bank of England should have a major influence over the societies' development.

Whichever way events progress, the societies seem set to spend a growing amount of time in looking over their shoulder as they attempt to improve the level of service to investors and borrowers alike.

BUILDING SOCIETIES II

Pressure on interest rates

MOST OF the news on the building society interest rate front in the past 12 months has been good for the borrower and bad for the investor.

The building societies went into 1977 having to operate the highest interest rate structure ever. High interest rates throughout the economy had undermined their competitive position to the point where they could not hope to attract anything like enough funds to meet their planned level of mortgage lending.

The societies held their breath and hoisted the rate on home loans from 10½ per cent. while offering their investors a best-ever 12 per cent. gross. The anticipated outcry from the hard-pressed borrowing public never materialised and demand for loans—apparently at any price—remained as high as ever.

Within a few months, interest rates began to slide and in April 1977 the societies made the first of four reductions from the crisis level forced on them six months earlier.

Receipts

By the last quarter of 1977, with interest rates still to fall a little further, the societies were proving spectacularly successful in drawing in funds. Net receipts in September, October and November alone reached £1.6bn. against less than £500m. in the first three months of the year.

The movement therefore entered 1978 in an optimistic mood. A drop in net receipts recorded in January did nothing to change the societies' views on the outlook, explaining as they did that one reason for the fall was that people were having to find the money to finance Christmas expenditure undertaken with the use of credit cards. It also seemed likely that the switching over of other investments into the societies, partly responsible for the high level of receipts towards the end of the year, had finally stopped.

The January figure, they pointed out, was still a high one for net receipts—four times greater than a year before—and receipts of the order of £400m. a month (as in January) would be quite acceptable.

In February, the Building Societies Association commented on the interest rate situation: "The outlook for building society savings remains very optimistic. Predicting interest rates is notoriously difficult but in the immediate future there is no reason to expect any sharp increase in the general level of interest rates and even with the reduction in the building society share rate announced in January, societies remain very competitive.

"Net receipts on present trends seem likely to average over £400m. a month and this is adequate to maintain current lending programmes as well as to allow liquid reserves to be built up."

On most accounts, the Association was correct. But the societies' experiences with receipts have not recently been living up to expectations.

The January net receipts total of just under £400m. fell to £353m. in the following month and by March had dropped to only £308m., the lowest monthly figure recorded for eight months. The reduction is largely explained by a fairly significant increase in withdrawals by investors which, in March, reached an all-time record of £990m. Net receipts of smaller amounts of money continued to do very well, probably in response to the increasing savings ratio and also, the societies suggest, to the aggressive advertising campaigns which societies have been conducting in the recent past.

In the medium-term future, the outlook therefore for the inflow of funds looks a little less certain than it did at the start of the year. As the summer months approach the societies in any case expect a dip in receipts as withdrawals are made to finance holidays. The recent increase in Minimum Lending Rate—there is market speculation about further rises in short-term interest rates—and a new issue of National Savings Certificates, will serve to reduce the societies' competitive position and further reductions in inflow are on the cards.

Talk of higher building society interest rates is now in the air. It is too early to predict exactly how rates in the near future may change but there seems an excellent chance that investors may soon be receiving a little more on their money.

The suggestion is that the current investors' rate of 5½ per cent. net (representing a gross yield of 8.33 per cent. for basic rate tax payers) could rise by a ½ per cent. before long.

It is quite likely, however, that the rise in interest payable to investors may not on this occasion involve any increase for borrowers. The societies, quite simply, can well afford to finance a limited increase in investors' rates without having to pass the bill on to their borrowers.

Committed

All will depend on just how seriously net receipts tail off. The societies are still, despite the Government clampdown, committed to lending record amounts of finance and they could have to consider larger rate increases if the level of receipts falls right away. In that event, house buyers could expect to face higher monthly repayments.

But apart from the short-term outlook for interest rates, the movement's overall approach to the question of its present capital structure remains an area of particular concern.

The societies say that some 90 per cent. of their savings balances are virtually withdrawable on demand—it is markedly higher among individual societies — while most of their mortgages extend for 25 years or more. Opinions on whether the existing system is now due for substantial revision vary widely within the movement.

The arguments centre on the movement's ability to stabilise, as much as possible, its mortgage lending programme. Critics of the societies — as highlighted in last year's generally well received Green Paper on housing policy — say that the societies' reluctance to alter interest rates either substantially or frequently, combined with volatile interest rates in the economy as a whole, have in the past led to wild fluctuations in the movement's receipts and, hence, in the volume of lending.

The societies have pointed out that the instability of national finances is the root cause of their own varying experiences and that it would be impossible for any financial institution to steer a steady course on what can be a very rough sea.

It has been argued on many occasions that the societies should move their rates far more quickly, like the banks. The movement says the comparison is not appropriate because while it is relatively easy for the banks to alter the rate of interest on overdrafts at almost no notice because of the comparatively minimal impact of such a move, any increase in the cost of borrowing for people with home loans can have a major impact on family budgets.

The societies believe that neither investors nor borrowers wish to see interest rates changed as rapidly as the rates of many other institutions and say that if they did attempt to keep up with every interest rate adjustment in the economy, their customers would object. In any case, say the societies, their record of maintaining a fairly stable level of interest rates is quite a good one, as is their actual mortgage advance programme.

Perhaps though, the societies greatest effort towards establishing a more stable operating background has been in the form of term-shares, extending to investors the chance for higher rates of interest in return for locking their money away for longer periods of time. If adopted on a wide scale, the policy would clearly help reduce the societies' vulnerability to competing forces in the investment market, but many society executives are yet to be convinced that the term share should play anything other than a marginal role in their fund-raising policies, principally because they are simply more expensive and begin to reduce the strength of the societies' claims concerning easy withdrawal of money.

Role in urban renewal

URBAN RENEWAL has become the central platform on which many current housing policies have now been firmly based. After years of neglect the task of saving large areas of fundamentally sound but old houses in inner city areas and complementing them where necessary with new ones is an immense one, as Ernest Armstrong, Parliamentary Under Secretary of State at the Department of the Environment, reminded everyone a few days ago.

Mr. Armstrong was announcing the Government's intention to legislate to introduce a more flexible approach to the use of improvement grants—an essential factor in the drive to encourage the revitalisation of the existing housing stock and a decision which conforms to the recent change of emphasis in housing policy.

Mixed

It is now generally recognised that if the urban renewal programme is to work, then the building societies will have to play their part, but this relatively new aspect of their operations is one which is regarded within the movement with mixed feelings. Some believe that the societies must face up to the implications of extending owner occupation into further strata of the population and that they are to some extent morally committed to help out because of their self-professed social role.

Others feel the movement should confine its efforts to its traditional area of operation and allow "other agencies" to tackle the problem of old and unfit housing. There are fewer reservations about financing the purchase of new homes in inner city development areas.

But despite their doubts the societies have recently found themselves being drawn into the overall attack on inner city decay via the somewhat controversial support lending scheme. It was introduced in the autumn of 1975 and societies undertook to consider assisting mortgage applicants referred to them by local authorities which no longer had the cash available to arrange home loans themselves.

The local authorities' role in providing mortgages was seriously undermined when public expenditure cuts virtually removed their budget for this type of operation. The societies were regarded as the obvious alternative and asked by the Government to "fill the gap."

There was without doubt reluctance on the part of many societies to enter an area which had been studiously—and often wisely—avoided in the past, such were the additional risks involved, principally the very nature of much of the housing involved and because of the financial status of many of the applicants. The societies were not too keen on standing in for local authorities which were by definition lenders of last resort.

Ministers persisted, however, and although the movement as a whole dragged its feet over becoming too deeply involved in an area of which it remained

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House prices look restive again

THE PROBLEM *of house prices* is once again a major topic for consideration and conversation among politicians, building societies, housebuilders and the man in the street.

After four years of stable prices, the private housing market—or at least parts of it—has *recently been performing* in the manner of an animal held on a tight leash for just a little too long. Whether it should be restrained or allowed to have its *quick fling* is the question to which there are apparently several different answers.

The first signs that the market was about to perform at a somewhat more *lively* rate than had been seen since the last period of spiralling prices in 1972-73 came in the closing months of 1977.

A higher rate of price rises was in any case fairly predictable, though the rate at which it took effect was surprising. With the market having licked its wounds at length and recovered from the chaos of four years before, prices had again become low in relation to earnings, real incomes were rising for the first time in several years and consumer confidence — that all-important ingredient—was again on the increase.

Falling

In addition, the mortgage rate was still falling steadily from its record 12¼ per cent. level reached in October 1976, increasing overall demand for *owner occupation even further*, as well as the amount that individual purchasers are prepared to pay.

As a result of the reduction in mortgage rate down to its current level of 8½ per cent., mortgage repayments have now been reduced by nearly 25 per cent. *for the homebuyer*. This single factor is perhaps the most important of all the elements in the latest apparent revival in prices.

At first the higher rate of price increases being recorded *caused little reaction or comment*. Building society executives were forecasting average increases in the region of 10 to 12 per cent. for 1978 as a whole and, together with their colleagues, met Government officials to discuss lending levels for the first half of 1978.

They established a monthly lending quota of about £680m., plus an extra £40m. or so for peripheral lending on items such as home improvements. The assumption on both sides was that this level of advances could be maintained without provoking any nasty side effects on house prices.

Within a *few short weeks*, however, officials on the Government side of the Joint Advisory Council—the body created to provide a consensus *on matters related to building* society operations—had changed their minds.

Officials told the societies they had been confronted with evidence *to show that prices* were rocketing up at a level which immediately brought back to mind memories of the last boom, when average prices rose *in one year* by the best part of 50 per cent.

It was made clear that in no circumstances was the Government prepared to countenance such an event again—a view readily shared by the building societies themselves. But the societies believed, and still do, that the call for lower lending levels was a panic measure based on sketchy information.

They were not disputing that in some areas property prices were rising at a very rapid annual rate — some society executives had already predicted this would happen—but they refused to accept that what was happening in parts of London, the South East and the Midlands was true for the whole country.

The officials from the *Department of the Environment* were not convinced. They felt that the only effective way to avoid overheating was to reduce the supply of finance and *called* on the societies to make a 10 per cent. cut in the lending levels so recently approved.

Many society executives were, and still are, hopping mad about the decision. Because of wider political considerations they agreed to implement the cuts, although the decision also partially reflected their own uncertainty about whether or not house prices could actually shoot up, despite their forceful arguments to the contrary. The societies were anxious to avoid a house price explosion and equally *determined* to see that they could not be held responsible if one took place—as they surely would be.

The societies know full well, however, that their action in reducing lending could be more damaging than if they had gone on arranging mortgages at higher levels. In holding back funds which are now readily available—in itself a painful policy for societies to follow—the movement may well be simply building up a wave of *pent-up demand* which, *sooner* or later, will break over the housing market.

With a short supply situation already in existence, even *greater pressure on prices could* again be resumed. As it is, the Government's decision, which *opts for* stability of prices in the belief that more people will *be able to buy their homes*, is frustrating an estimated 1,400 mortgage applicants each week.

As to whether the Government's move has had the *desired short-term* effect, the signs are that even before the mortgage cutting exercise got under way at the start of April, the market had begun to cool down.

The fact is that agents in those areas where the sharpest price rises were being recorded say that the market has stabilised, with more properties being made available in the belief that prices have peaked. At least an element of the "must *buy before prices go even higher*" attitude now seems to have disappeared.

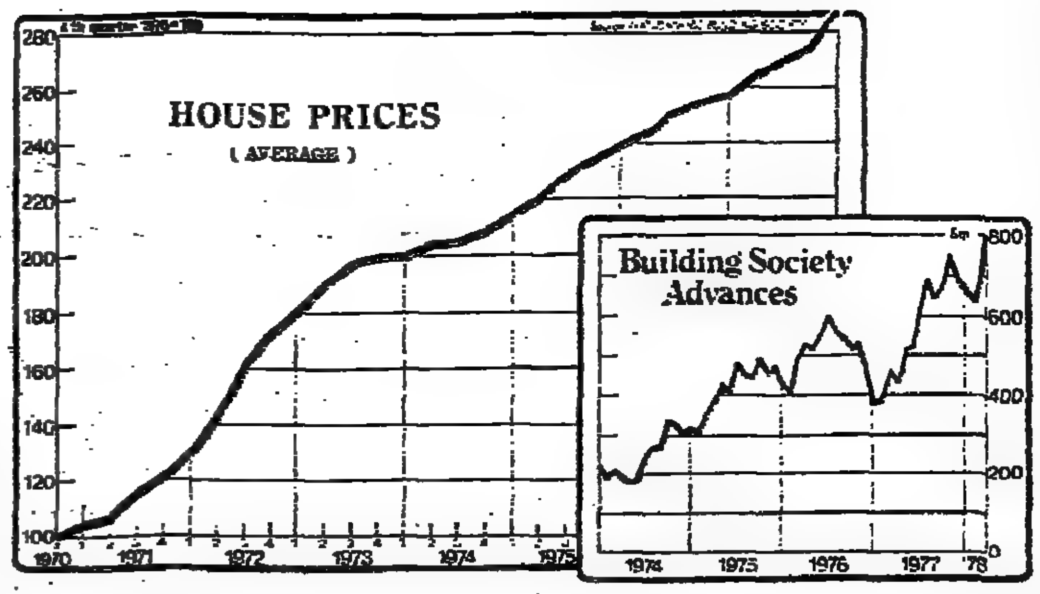
The problem which the societies face is releasing themselves *from the lending restrictions* under which they now operate. *Statements* at the highest level within the movement have already been made to the effect that societies should even now be starting to push up their monthly lending rate back to the levels originally planned at the start of 1978.

Any announcement of a sudden restoration of higher lending levels could, they believe, stimulate the type of boom everyone has been anxious *to avoid, particularly bearing in* mind that element of additional pent-up demand. It is clear that officials will not be prepared to entertain any higher lending rates until they are firmly convinced that prices have ceased to rise as dramatically as at first claimed and that could take time.

There is also the very real question of whether, as the next two or three months progress, the societies will actually feel able to contemplate higher lending *levels*. *The inflow of* new funds is running well below the levels achieved when the original 1978 lending targets were fixed and it may well be that a *lower level of* mortgage commitments would have been necessary in any case.

Meanwhile, societies are sticking to their predictions that average *house prices for* 1978 as a whole will rise by between 12 and 14 per cent. Some believe the figure could be a little higher. But while ordinary mortgage commitments are kept down, the societies are not being shackled in terms of their so-called peripheral lending and monthly advances in this area have already doubled.

Finally, spare a thought for the housebuilders, whose output and confidence in recent years have been equally low. Margins have, however, been slowly restored and output is beginning to climb back up from some of the lowest levels recorded since the war. It can only be hoped that the latest events will not send them scurrying back for cover to add another dimension to the country's *private sector* housing problems.



Renewal

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deeply suspicious; the so-called support lending scheme has been formalised and expanded.

In the current year the societies have agreed to lend about £300m. in this way in England, Wales and Scotland. With total advances for the movement now running at an annual rate of something approaching £8bn., the societies' contribution is clearly a limited one and there is criticism that even the agreed targets are not being met.

Registered

In reply the societies claim that many would-be local authority mortgage applicants are simply going straight to the societies for assistance and are not therefore being registered as recipients under the support scheme.

There remain critics, however, who do not believe that the societies are wholeheartedly *behind the support arrangements* and suspect that they continue to have a fairly rigid and less than helpful approach in this important area.

As a result of such criticism the Government recently managed to win the societies' agreement for the establishment of an appeals procedure under which any applicant dissatisfied with his treatment at the hands of a society can have his case reviewed. Its formation would seem *to be* yet another case of the societies agreeing to something, which they believe to be rather pointless in practice, for the sake of avoiding any confrontation.

The support lending scheme is not of course exclusively concerned with the question of urban renewal and the injection of new life into inner city areas, though much of its application will inevitably be channelled in that direction.

The societies can make a wider contribution in the campaign to revitalise the country's run-down urban centres and the key to success in this area must lie in closer co-operation with the local authorities concerned. Co-operation between the two is not new, although some of the earlier attempts to introduce more positive relationships—the mortgage guarantee scheme of 1958 for example—have *never proved* to be particularly successful.

The housing policy review, however, also had things to say about relationships between the two sides, calling first and foremost for much closer working arrangements. "In addition to contemplating building society lending, local authorities must keep societies fully informed of the development of their local housing strategies in general and of their plans for specific areas in particular. This will give societies a sounder basis for assessing older properties as security for loans," it said.

The review continued: "Such co-operation should help to ensure increased lending on houses which are old or in a poor state of repair. It should also help to reduce "red lining"—the withdrawal by societies of mortgage lending from declining areas at present seen as poor security for their funds and perhaps as poor investments for the house buyers themselves.

"Building societies and local authorities, by working together at the local level, can assist in revitalising older urban areas including inner city areas. The expansion of home ownership in these areas will help retain younger people and encourage skilled people to come back."

There is no doubt that more co-operation is essential and that in the past the record of many local authorities in being able to provide details of proposed housing programmes—on which the societies can base their local lending policies—has left a great deal to be desired.

Approach

The way in which progress can be achieved, given a fully integrated approach involving both sides, is being demonstrated now, for example, in Leicester, where the local authority's decision to work out a renewal strategy programme and to enlist the help of the Leicester Building Society to make mortgage finance available is having a marked effect on large areas of the city centre.

Mr. Basil Eckhard, chief general manager of the Leicester, puts it quite bluntly: "Before the renewal strategy we were reluctant to lend on normal terms in parts of the city because of planning blight. The Council's clear statement of intent changed everything. The element of uncertainty has gone *and we are making* large volumes of money available as our contribution towards revitalising what in many cases have become run down, undesirable areas."

"Planning together" is a theme which is clearly catching on among the societies and the *authorities*. Mr. *Alan Mason of* the Provincial says there is much more building societies can do to help. They must of necessity, he points out, be wary of lending money in areas requiring general improvement before the whole scheme is complete.

If the authorities and societies therefore worked together and kept each other fully informed of developments the societies could have mortgage money *ready and waiting for buyers of* refurbished properties or for existing owners for improvements, once each scheme was completed. In *this way*, urban *renewal could be made* substantially self-financing. Authorities, however, are only allowed to spend on improvement if costs will be covered by revenue *in that year—even though the* joint approach policy would guarantee revenue on completion. The Provincial wants this "accounting restriction" *removed*.

Mr. Leonard Williams of the Nationwide summed up the latest thinking at a recent Building Societies Association conference: "The time has come for more positive and highly developed co-operation between local authorities and societies in order to avoid wasted investment in housing. With housing need being essentially a matter for local assessment and solution, it will be only through co-operation at local level that the nation will get the best use out of its existing housing stock and that new building, private and public, *will match the demand and the* need which exist."

The housing policy review has pointed the way towards much closer co-operation through the comprehensive assessment of local housing requirements—the so-called local housing strategies—which councils will need to prepare as the basis for their investment programmes

Help for first-time buyers

IT SEEMS that any Government worth its salt has to be seen to be actively helping that section of the community which wishes to join the swelling ranks of owner-occupiers.

A recent survey commissioned by the Building Economic Development Committee showed that no less than 80 per cent. of young people expected—not merely wanted—to own their own homes within the next decade. The survey also suggested that the current level of home ownership—about 54 per cent. of the total housing stock is in owner-occupied hands—could rise ultimately to between 70 and 80 per cent.

With the public's preferences so clearly spelt out, it would be a foolish political party which did anything to frustrate such strongly held ambitions and it is little wonder that certain elements, despite their repeated calls for less favourable treatment for home owners, have been totally ignored by their political masters.

Plaything

But there is a case for suggesting that the cause of first-time buyers has become little more than a convenient political plaything, to which politicians have paid an ever-increasing amount of lip service while failing to support their words with much in the way of hard cash.

In too many instances the politicians choose to paint a picture in which none but the wealthy can afford the step up to owner-occupation. It is true that the level of home ownership in this country leaves room for further improvement when compared with certain other countries such as the U.S., Canada, Australia and New Zealand, although the situation in the U.K. is better than in most other Western European nations.

The truth is that over half—the last review suggested 53 per cent.—of all the mortgages now being arranged by British building societies are going to people who have not previously owned their own property.

Some figures produced last year by the building societies showed that in 1976 nearly half of all first-time buyers paid less than a £1,000 deposit, 45 per cent. obtained advances equal to nearly 90 per cent. of valuation and two-thirds paid less than £11,000 for their first home. Some of these figures will of course have risen, but so have earnings.

So the building societies, with evidence to support them, say that the first-time buyer generally stands a fairly good chance of taking that first step on the owner-occupied ladder. People buying for the first time remain among their major priorities and they are given every assistance possible, provided they meet certain earnings qualifications. There are some people, the societies emphasise, who will never be able to afford home ownership, though the societies claim the blame must lie elsewhere.

In its evidence submitted last year to the housing finance review the Building Societies Association perhaps went a little too far in stating: "Not only is it incorrect to say that young couples are unable to afford owner-occupation, it is theoretically impossible for this to be the case." A few organisations and a greater number of individuals might argue over that conclusion but the societies were nevertheless attempting to put across a rational case.

They pointed out that over 200,000 homes a year became vacant through household dissolution and emigration and an average 150,000 to 200,000 private sector homes are built every year. Perhaps 70,000 houses are needed annually to replace losses from the housing stock, but the societies say this still means over 300,000 homes a year become available for those entering the market for the first time. They might not actually be purchasing the houses just categorised, many of which may well go to existing owner-occupiers moving up market, but in global terms the figures will be the same.

Caution

The societies claim that such an analysis suggests any schemes claiming to lower the cost of home ownership for first-time buyers through low-start mortgage arrangements should be viewed with caution. If low-start arrangements are introduced at a time when house prices are cyclically high in relation to earnings—as was the case in 1973 under Mr. Heath's proposals—then universal implementation of such proposals could mean house prices would remain high in relation to incomes rather than fall back.

According to the societies they are not dead-set against any low-start arrangements as a matter of principle but believe they have their disadvantages—from the market and buyer's point of view—and in any case feel that the vast majority of first-time buyers are happy to opt for the more conventional arrangements.

Governments tend to have differing views on the subject, with the present one no exception. The view of Ministers like Mr. Peter Shore, Secretary for the Environment, is that while thousands of couples — and single people—manage to become first-time buyers each year, there are sufficient numbers of people within an ace of becoming home owners, but who cannot quite manage it—who need a little push to help them along.

As a result, Mr. Shore and his colleagues decided to incorporate in the policy review proposals to help first-timers. The nub of their plans—since unveiled in full under the grand guise of the Home Purchase Assistance and Housing Corporation Guarantee Bill—involves payments of cash bonuses up to a maximum of £100, and interest-free loans of up to £600 which will be added to the normal mortgage advance.

To qualify for a bonus, a first-time buyer will have had to save for two years with a recognised savings institution and have kept at least £300 in his or her account for 12 months before asking for a loan. Interest-free loans will go to applicants who will also have to save over two years and have a total of at least £600 saved on application. Qualifying house price limits will also apply. The Government believes that the schemes, which will initially cost about £100m. a year, should in some way benefit more than 200,000 potential first-time purchasers a year.

The scheme, expected to take effect in the autumn of this year, has met with criticism from several quarters. The societies have accepted it, though in private they dismiss it as virtually irrelevant, and the Conservatives have pledged themselves to make it more effective if given the chance.

But apart from the bonus and interest-free loans, the Government has also asked the building society movement to examine other areas of policy which if changed could help more first-time buyers. They wish to see a growing percentage of loans going on older properties, the type which many first-time purchasers can afford, and also want the societies to encourage the spread of the low-start schemes with which they do not basically agree.

Finding the answers to public criticism

THE PUBLIC, it seems, have something of a love-hate relationship with the building societies. While last year they were ready to consign to the societies' care about £14bn. of their savings, they were often equally ready to criticise the movement for overspending and generally wallowing in unwarranted delusions of grandeur.

It is fair to suggest that in the past the societies record in communicating even the most basic aspects of their operations have not always been successful, though their recent successes would tend to indicate that the situation is improving. Even so, criticism remains and more energy—and expenditure—than ever before is being put into transmitting to the general public what the societies are all about.

Perhaps the most obvious manifestation of the societies' efforts to increase public awareness and expand business still further is the massive growth in advertising. Societies have now effectively abandoned the collective approach to advertising their services and have embarked on highly individualistic campaigns which in some cases represent expenditure running into millions of pounds yearly.

No one watching television in the past year can have escaped the barrage of smiling faces beaming the building society message across. Only the occasional solemn pronouncement from general managers on the range of investment opportunities available seems to interrupt the never-ending procession of people cycling, catching a bus or parachuting to their nearest building society branch office.

The societies have been criticised even for this element of their marketing strategy. It is certainly true that most of the advertisements convey little in the way of practical guidance to potential investors (who needs to advertise for borrowers?) but rather aim to leave people with a sense of well-being which hopefully will be translated into cash deposits the next time they stroll down the High Street. The societies believe that is precisely what happens.

Legion

The High Street is of course one of the major areas for criticism of building society operations. By now the complaints about the "unnecessary" proliferation of branches and their usual elegance are legion, while the societies' defence remains the same. They are fond of pointing out that the movement as a whole has only 4,000 branches compared with the 12,000 of the major clearing banks and that branch expansion is justified almost every time in terms of the new business which they generate.

The fact nevertheless remains that in some areas the concentration of building society branches is likely to strain the allegiance of the most fervent of the societies' supporters.

Recently one society executive ran the risk of being accused of deserting the traditional camp in calling for consideration of a system in which branch development was regulated by the Building Societies Association. He proposed a quota arrangement in which some towns could eventually be zoned as "full"—that is, unsuitable for further development. Closer liaison with the planning authorities, who still invariably misunderstand the nature of building society business, was also suggested.

But Peter Robinson of the Woolwich also used the opportunity to underline his faith in the general concept of continuing branch development. "The societies contend that their public is the shopping public, their customers are people who conduct the business of saving, and withdrawing cash, as they go on ordinary shopping expeditions.

"They perform an essential service, partly overlapping with but also distinct from that of the clearing banks, which are open to the public for less of the shopping day and not on Saturdays at all."

Mr. Robinson continued: "Their branches are not 'dead frontage,' they have as many customers as many retail shops and their window displays can be interesting and constantly varied. They are not 'lavish,' but set up to a standard to attract customers into a friendly and confidential atmosphere.

"Usually they are carefully costed and societies have lower management expenses than do most commercial institutions. This business is with the shopper and the growth of membership and investments in the past ten years of branch development tends to support that belief."

Just how far the societies should encroach into the traditional preserves of other institutions—notably the banks—is a question which is likely to be asked from now on with increasing regularity.

There is no doubt that the societies are increasingly offering some of the elements of a banking service to their members, though there are still many areas into which the movement has not ventured. On the deposits side, their success has been nothing short of spectacular.

Risen

Over the past ten years the banks' share of available deposits, according to Government statistics released at the beginning of 1978, has remained steady at around 30 per cent., whereas the societies' share has risen from 24 per cent. to 41 per cent. in the same period. The success, clearly, has not to date been at the banks' expense.

The societies' case is that they are not in fact as bank-like as some people would suggest and that moves such as the decision by some societies to stock travellers' cheques are a long way off from providing full banking services.

Mr. Ralph Stow, chairman of the Building Societies Association, had something to say on the subject. "Problems facing the banks include comparatively high management expenses and the competition they experience from overseas banks in lending rates, which makes it difficult for the U.K. banks to raise their present low deposit rates without eroding profit margins.

"Building societies are much more akin to savings banks in that they are merely financial intermediaries and do not create credit. It is regretted therefore that the clearing banks appear to be assuming that the societies are more bank-like than in fact they are."

But the societies are nevertheless striving hard to raise the level of their over-the-counter services, the single most important aspect of their operations. To this end computerised systems are being considered and introduced on a rapidly expanding scale.

Societies use a passbook system for counter transactions almost identical to the traditional banking system of European and other overseas banks and computerised techniques are being brought in which give cashiers the ability to communicate directly with their organisation's central computer that automates all the transactions handled at branch level.

The building societies are now giving close consideration to providing counter staff with terminal equipment and such developments will not be far off if they follow the examples already set by such organisations as the Scottish Trustee Savings Bank and some of the country's largest local authorities.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

CBS to buy toy group for $27m.

NEW YORK, May 5.

CBC INC. has agreed to acquire the toy company Gabriel Industries Inc. for $17.90 a share, or about $27m. in total.

CBS and Gabriel said jointly the agreement is subject to a definitive merger agreement, approval by both Boards and by Gabriel shareholders. Certain principal Gabriel officers agreed to recommend that the merger be approved by its shareholders.

Gabriel, whose 1.5m. shares are listed on the American Stock Exchange, makes toys, games, hobby crafts and toy playground equipment. In 1977, it earned $2.8m. on net sales of $50.2m.

New York hotels bid

NEW YORK, May 5.

A FINANCIAL group has offered to buy three major New York hotels—the Barclay, the Biltmore and the Roosevelt—for $50m. from the bankrupt Penn Central Transportation Company, according to a spokesman for the company's trustees.

Reuter.

Canadian Occidental

CANADIAN Occidental Petroleum reports first quarter net profits of $C6.1m. compared to $C3.5m.

In reporting the sharply higher first quarter earnings, the company pointed out that the results were not directly comparable with the year ago quarter when its North Vancouver industrials chemicals plant was closed down for five weeks because of a strike.

Pakhoed selling property to raise $174m. cash

BY CHARLES BATCHELOR

AMSTERDAM, May 5.

PAKHOED Holdings' property division Blauwhoed is selling off most of its property portfolio to raise some $174m. cash for the troubled parent company.

Blauwhoed is to sell property worth Fls.150m. ($67m.) to Royal Dutch Shell's pension fund, which is a partner in one of Blauwhoed's investment funds. It is also in an advanced stage of negotiations with the Robeco investment group for the sale of property worth Fls.240m. ($107m.).

These two sales represent Blauwhoed's interests in affiliates and subsidiaries and leave it with a portfolio worth an estimated Fls.130m. in which it is sole owner.

Pakhoed, whose most profitable division in 1977 was Blauwhoed, said in March it would make considerable property sales this year to compensate for the group's poor performance as a whole. Property sales accounted for Fls.22.6m. of Blauwhoed's Fls.46.3m. gross profit last year.

The Rotterdam-based group, whose other interests comprise storage and transport operations recorded sharply lower profits in 1977 on a slightly reduced turnover. Group net profit fell to Fls.39m. in 1977 from Fls.43m. on sales down to Fls.413m. from Fls.457m. The company paid no dividend. Pakhoed, which has seen a series of Boardroom changes in the past two years, is suffering from the economic recession and overcapacity in its industrial operations.

Blauwhoed has retained its 100 per cent. interest in the Polyvathe Project Development Group, which has an annual turnover of around Fls.600m. It also still has a half share in two real estate companies, Van Zadelhoff of Amsterdam and Ackermann and Co. of Atlanta Georgia.

Sales rise at Catalana de Gas

BY DAVID GARDNER

BARCELONA, May 5.

CATALANA DE GAS y Electricidad S.A. increased its turnover in 1977 to Ptas.8.9bn. ($110m.) from Ptas.8.05bn. in 1976, but before-tax profits were down slightly on the year, to Ptas.730.4m. ($9m.), from Ptas.759.6m. Gas sales rose approximately 10 per cent. in volume and 11.6 per cent. in money terms.

This resulted fundamentally from the increase in interest charges on foreign currency credits as a result of last year's devaluation of the peseta, and the larger outlay in 1977 as part of Catalana's expansion programme, which last year saw the incorporation of a new plant at Reus by one of the group's subsidiaries.

Catalana's president, Sr. Pedro Duran, made special mention in last week's shareholders' meeting of the company's plans for expansion over the coming seven years. By agreement with the Empresa Nacional de Gas, belonging to INI, the State holding company, Catalana will have a free hand in gas distribution in Catalonia and the Valencia region, while the Empresa Nacional will pipe natural gas into the north of Spain and Andalusia. Catalana will have up to 10 per cent. of the latter market.

By 1984, Catalana expects to have quadrupled it sales to some Ptas.30bn., and tripled its profits. It also expects to double its capital, broadly unchanged last year at Ptas.4.3bn., by rights issues spread over the seven years. The company is paying its usual 8 per cent. dividend this year.

Sr. Duran called for policies of conservation based on a realistic pricing system, claiming that prices in Europe for energy supplied to industry were 29-30 per cent. higher than in Spain. He also called for the diversification and development of the country's own energy resources.

Saudi buys French bank interest

By David White

PARIS, May 5.

THE FRENCH-BASED Saudi Arabian businessman, Mr. Akram Ojjeh, has moved into yet another fresh pasture by becoming one of the leading shareholders in Credit Commercial de France, which ranks among the main French private commercial banks.

Mr. Ojjeh, who hit the headlines last year by buying the luxury liner, "France," has bought about 5 per cent. of the bank's stock on the Paris Bourse, a CCF representative said to-day.

The shares are unofficially estimated to have cost Mr. Ojjeh in the region of Frs.50m. ($10.9m.), on the basis of market prices in the period when the transactions took place, before the March General Election.

The purchase gives Mr. Ojjeh one of the biggest shareholdings in the bank. CCF said that, since its recent introduction of bearer shares in the place of registered shares, it was no longer possible to trace the exact size of individual shareholdings, but none exceeded 10 per cent., the limit above which a shareholding has to be declared.

The purchase is not, however, seen as heralding a bid for control, which would have to be passed by the French National Credit Council.

Mr. Ojjeh's company, Techniques d'Avant-Garde (TAG), last month bought a 10 per cent. stake in a big civil engineering group, Dumez, and made plans for a joint construction venture in Saudi Arabia.

At its annual meeting, held last week, the bank said it expected higher 1978 results.

Outlook at KHD

SUMMARISING the current business situation, Kloeckner-Humboldt-Deutz, the West German diesel engines, commercial vehicles and engineering group, says that in spite of continuing weak demand for capital goods, increased costs and stepped-up price competition, it has seen the first few months of this year develop relatively favourably, writes Adrian Dicks from Bonn.

Despite the more difficult market conditions — further aggravated by currency uncertainties — the Board expects to end 1978 profitably.

The company has already announced an unchanged DM6 dividend for 1977 along with net profits for last year of DM48.5m ($22.3m.) compared to DM45m. Taking into account the tax credit, domestic shareholders in KHD will receive a dividend of DM9.38 for 1977.

GENTING HIGHLANDS

Gambling with success

BY WONG SULONG IN KUALA LUMPUR

NESTLING some 6,000 feet up in the mountains, 30 miles from the Malaysian capital, is a sprawling complex of hotels which are literally money spinners for their owner, the Genting Highlands group.

The group's annual report and advertisements boast of its luxurious hotels, its excellent 18-hole golf course, its tourist facilities and the exotic scenery and crisp air. It is a keen supporter of cultural activities, sports and charities.

But little is said about the goose that lays its golden eggs—the casino. This is understandable. In a country like Malaysia where Islam is the official religion, operating a casino is looked upon as being a not very respectable form of business.

Since the Genting Highlands Hotel Berhad was quoted on the stock exchanges of Kuala Lumpur and Singapore in 1973, its capital has risen steadily, through scrip issues, from 10m. ringgits to 100.3m. ringgits ($US42m.) last year. Profits over the years have been impressive. Pre-tax profits have increased from 2.45m. ringgits in 1971 to 27.5m. ringgits last year—thanks largely to profits from the casino.

Genting is, however, well aware of the high risk status of its earnings. At the same time public pressure in Malaysia continues to demand that the company play down—if not reduce—its profits from gambling. Hence the continuing attempts by Genting to diversify with the latest plan for spreading profits risk centred on the development of land held in the Highlands.

The first diversification attempt ended in failure. In January last year the company sprang a surprise by announcing that it had spent 20m. ringgits to buy 23 per cent. in Golden Hope Plantations, and a cash bid for the remaining shares was made. But the move was blocked by Harrison and Crosfields, which had its own plans to merge Golden Hope with two of its sister companies to form Harrisons Malaysian Estates.

The bid made Genting a loss of 3.36m. ringgits in foreign exchange conversions, although shareholders will find some comfort in the fact their company's shares in Golden Hope were worth 33m. ringgits on the market at the end of last year.

Genting has high hopes for its latest development plan. The Pahang State Government has approved its re-zoning proposals, and a masterplan has been drawn up by an American concern to develop the group's 12,000 acres. The creation of three townships with a population of 90,000 people is envisaged as well as large areas for tourism and temperate agriculture.

This is understandably a long term plan. Genting hopes initially to develop 300 acres of prime land near the golf course for residential housing. Work on this will begin next year. Observers expect the diversification to be financed mainly from Genting's own cash, as in its previous development.

With the opening of the fifth 600-room hotel later this year, greater efforts will be needed to attract tourists. Hotel occupancy rose from 50 per cent. in 1975 to 60 per cent. in 1976, and to 62 per cent. last year. But the average length of stay is only 1.6 days, reflecting that most guests are there for the week-end gambling.

Now that the Kuala Lumpur-Karak highway has been completed giving better access to the highlands more visitors are expected. The casino will also shortly move to more spacious and luxurious surrounds in the main 18-storey hotel.

Genting's expansion can be largely attributed to its managing director Datuk Lim Goh Tong. Born in China 59 years ago, he came to Malaya as a labourer at the age of 16, but rose to be one of the biggest contractors. In the 1960s, he bought up Genting Highlands, gaining a licence to operate the casino as part of the deal.

The company is still very much the preserve of the Lim family. Datuk Lim spends much of his time supervising construction in the highlands while his 27-year-old son manages the concern in Kuala Lumpur.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equ. close
E. Kodak	$40	13¼	—	15¼	—	15½		$52¾
E. Kodak	$45	8¾	—	9½	—	9¼	8	
E. Kodak	$50	4½	30	5¾	8	7	2	
E. Kodak	$60	1¼	8	2½	22	4	11	
G.M.	$50	15½	—	15½	—	15½		$64¾
G.M.	$60	5½	—	5½	6	6	—	
G.M.	$70	½	5	1¼		1¾	5	
IBM	$240	24¼	2	29	—	30	—	$262½
IBM	$260	10½	9	14¾	7	17½	—	
IBM	$280	5	7	6¾	—	8¼	4	
Algemene	F350	16.50	5	19.50	—	22	—	F342.50
Algemene	F340	12.50	5	16.50	6	19	—	
Amro	F70	6.50		7.20	—	8.50		F76
Amro	F75	3.00	15	3.50	—	4.50	15	
Nat Ned	F100	8.50	1	11	1	15		F107.80
Nat Ned	F110	2.00	2	5.50	9	6	5	
Philips	F22.50	3.60	—	4.00		4.10	1	F25.60
Philips	F25.00	1.30	44	2.20	137	2.60	17	
Philips	F27.50	0.50	22	1.00	70	1.50	130	
R. D. Shell	F120	8.10	—	7.80	21	8.50		F127
R. D. Shell	F130	1.60	1	2.50	5	3.40	7	
R. D. Shell	F140	0.40	—	1.00	27	2.30	—	
Unilever	F110	5.00	10	5.00	11	6.50	1	F115.10
Unilever	F120	1.00	—	1.60	5	3.00	—	
Unilever	F130	0.50	—	0.80	—	1.70	—	
		May		August		November		
BP	700p	—	—	—	—	—	—	820p
BP	750p	—	—	—	—	—	—	
BP	800p	—	—	—	—	—	—	
GEC	200p	—	—	—	—	—	—	255p
GEC	225p	—	—	—	—	—	—	
GEC	250p	—	—	—	—	—	—	
GEC	275p	—	—	—	—	—	—	
ICI	300p	—	—	—	—	—	—	359p
ICI	325p	—	—	—	—	—	—	
ICI	350p	—	—	—	—	—	—	
ICI	375p	—	—	—	—	—	—	

Sales growth at Elektrisk

By Fay Gjester

OSLO, May 5.

ELEKTRISK Bureau of Norway with interests in electronics and telecommunications, reports sales totalling Kr.1,068m. ($195m.) last year—88 per cent. up on 1976—while profits rose to Kr.19.2m. from Kr.16.8m. The increases partly reflected takeovers and acquisitions.

Increased efforts on foreign markets produced a Kr.96m. rise in export sales to Kr.171m. last year. The group has established a new division for total planning of communications systems.

Setback at Maltese bank

BY GODFREY GRIMA

MALTA, May 5.

PROFITS by Malta's Mid-Med Bank, the former Barclays operation, are considered to have declined last year. This was stated by the bank's chairman Mr. Paul Xuereb, MP, in his address to shareholders.

Mid-Med, which is currently launching an overseas campaign to attract industrial investments to Malta, was created jointly by Premier Dom Mintoff's Government which holds a majority interest and Barclays in September, 1975. The first returns which were published last year covered therefore a 15 month period. This year's are the first returns covering 12 months.

Mr. Xuereb, who described last year's operation as "satisfactory" said profits before tax stood at £M1.2m., against £M1.9m for the 15 month period ending December 1976. Earnings per share fell from 21.1 cents to 12.6 cents.

What seems to have contributed towards this decline was the stagnant level of advance's while deposits were still soaring. According to the bank's balance-sheet, savings and deposit accounts in 1977 rose to £M116m., while the amount of loans fell to £M50.7m.

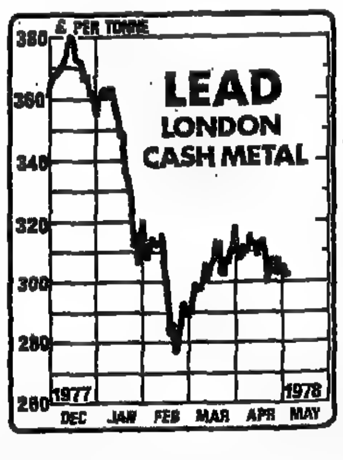
Rothschild profits up

THE ZURICH-BASED Rothschild Bank AG, controlled by the French and British Rothschild concerns, reports an increase in net profit to Sw.Frs.7.4m. ($3.8m.) from Sw.Frs.7m. for the financial year ended March 31. After payment of Sw.Frs.3m. as dividend, Sw.Frs.4.3m. will be transferred to open reserves.

COMMODITIES/Review of the week

Tin prices surge ahead

BY OUR COMMODITIES STAFF



TIN PRICES surged upwards on the London Metal Exchange this week. Yesterday, standard grade cash tin jumped by £187.5 to £6,492 a tonne, £382 higher than a week ago.

A sharp increase in the Straits tin price in Penang, as a result of better consumer demand, gave the London market a firm undertone. But values were also boosted by fears of a new shortage developing of supplies immediately available to the market. A fall in LME warehouse stocks, and forecasts of another decline, pushed the cash price to a hefty premium of £105 over the three months quotation.

A major influence in the market is that expectations of surplus tin being released from the U.S. strategic stockpile have receded, and it is thought unlikely that any stockpile sales will materialise until October at the earliest.

A.M. and S. (Europe), who run the Avonmouth smelter, announced last night that its European producer price for zinc was being raised by $25 to $575 a tonne. This follows a similar increase by Noranda of Canada last week. Two Australian producers — Electrolytic Zinc and Broken Hill Associated Smelters—have put their price up to $600, but other producers are still charging $550. London market views are that it is unlikely the European smelters, in particular, will follow the increase since it involves paying more for their raw material intake—the concentrates—at a time when the outlook is still uncertain, despite reports of increased consumer buying interest.

Unexpected developments were a feature of the lead market this week, when London dealers returned from the May Day holiday to the news that the U.S. domestic lead price had been cut by 2 cents to 31 cents a pound. Similar reductions were announced by other U.S. producers like Bunker Hill and St. Joe, altough Cominco of Canada argued strongly that a price cut was not justified by the present supply-demand situation.

Copper had a quiet week, but lost ground yesterday on forecasts that warehouse stocks were likely to rise rather than fall, as had previously been predicted.

London's leading soft commodity markets all ended little changed after a quiet week. Cocoa futures moved higher on Thursday in response to vague rumours of further shipment delays caused by port congestion in Ghana. But a £33 a tonne fall yesterday wiped out these gains, leaving the July position £12.75 higher on the week at £1,956.5 a tonne.

After rising £13 on Tuesday, nearby coffee prices traded in a very narrow range before slipping back yesterday. By last night's close July delivery coffee was quoted at £1,389 a tonne, down £2 on the week. Yesterday's fall may have been encouraged by news from Colombia of a sharp build-up in stocks. Support buying over the past ten months has lifted stocks held by the Colombian Coffee Growers' Federation to 6m. bags (60 kilos each) against average annual production of about 9m. bags.

Sugar prices eased marginally with the London daily price slipping £1 to £100.5 a tonne. The market ignored a forecast by the chief of the Australian exporting agency that the world price would rise to £140 a tonne by the end of this year.

Rubber prices moved higher in quiet trading, helped by the decline in sterling. On the London physical market the No. 1 RSS spot position ended at 53p a kilo, the highest level since last October.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Metals					
Aluminium	£680	—	£680	£680	£680
Free Mkt (cif)	$995-1000	—	$1040/50	$992.5	$995
Antimony (99.6%)	£1,925	—	£2,160	£1,525	£1,325
Free Market 99.6%	$2,325.75	+25.0	$2,500-900	$2,550	$2,135
Copper					
Cash W. Bars	£687.25	−3.0	£810.5	£709.25	£612
3 mths. Do. Do.	£705.25	+4.0	£831.75	£724.25	£624.75
Cash Cathodes	£678	+5.5	£801.5	£633	£602.5
3 months Do.	£696.75	+6.0	£821.75	£714.25	£614.75
Gold per oz.	$172.875	+2.25	$146.625	$183.625	$166.125
Lead Cash	£301.875	−4.375	£402.25	£364.75	[illegible]
3 months	£309.25	−4.25	£404.6	£369.25	[illegible]
Nickel	—	—	£3,167		
Free Market (cif) lb.	$1.90/2.05	—	$2.07-18	$1.97	$1.86
Platinum per oz.	£120.5	—	£97	£120.5	£98
Free Market per oz.	£120.4	+5.0	£92.4	£124.30	£96.8
Quicksilver (76 lbs.)	$127-32	—	$150-40	$152.5	$125.5
Silver per oz.	277.7p	+4.4	275.35p	289.0p	253p
3 months per oz.	283.7p	+5.2	281.25p	294.25p	[illegible]
Tin Cash	£6,402.5	+392.0	[illegible]	£6,450	£5,690
3 months	£6,357.5	+310.5	£5,351	£6,372.5	£5,717.5
Wolfram 22.04 lb. cif	$135-40	−2.0	[illegible]	$172.5	$137.5
Zinc cash	£297.75	+3.25	£377.5	£315.5	[illegible]
3 months	£306.75	+3.25	£382.5	£316.25	[illegible]
Producers	$550-600	—	[illegible]	$600	$550
Grains					
Barley EEC			[illegible]		
Home Futures	£81.00	−1.25	£84.05	£87.15	[illegible]
Maize					
French No. 3 Yellow Amer.	[illegible]	—	£96.00	[illegible]	£96.5

	Latest prices per tonne unless stated	Ch'ge on week	Year ago	1978 High	1978 Low
Wheat					
No. 1 Red Spring	£95.75	+0.25	£85.85	£95.75	£85.5
Am. Hard Winter	‡	—	£69.2	£91.5	£81.5
Eng. Milling (new crop)	£102	+2	£95	£102	£85
Spices					
Cloves	£4,500			£4,500	£4,500
Pepper, White	$3,000	−50	$2,776	$3,300	$2,850
Black	$2,100	+30	$2,400	$2,450	$1,875
Oils					
Coconut (Philip'nes)	$695	−15		$722	$652.5
Groundnut	£744	−9	£817	£753	£727
Linseed, Crude	$363	+5	$460	£368	£266
Palm Malayan	$575	−8	$650	$625	$435
Seeds					
Copra (Philippines)	$407.5	−2.5	$615	$455	$372.5
Soyabeans (U.S.)	$293.5	—		$305	$234
Other Commodities					
Cocoa Shipments	£2,067	+5.5	£2,286.5	£2,163	£1,611
Future Sept	£1,966.5	+12.75	£2,173.25	£2,082.5	£1,455.5
Coffee Futures July	£1,389	−2.0	£3,073	£1,642.5	£1,408
Cotton Index	69.9c. *	+0.4	83.1c	69.8c.	61.85c.
Des. Coconut	£605	−10.0	£780	£760	£605
Jute UABW C grade	$485	—	$414	$490	$457
Rubber kilo	53p	−1.0	51.75p	53p	45.5p
Sago Pearl	£181	−4.0	£205	£190	£177
Sisal No. 3 L	$520/40	—	[illegible]	$565	$537.5
Sugar (Raw)	£100.5	−1.0	£133	£114	£94
Tapioca No. 1	£172	—	£194	£180	£172
Tea (quality) kilo	127p	−3.0	270p	160p	127p
(plain) kilo	82p	−2.0	215p	98p	82p
Wooltops 64s Warp	260p kilo	−1.0	287p kilo	260p kilo	257p kilo

‡ Unquoted. * Nominal. σ Madras-cats.

MARKET REPORTS

BASE METALS

COPPER—Easier on the London Metal Exchange following a weak Comex close overnight and an increase forecast in warehouse stocks. Forward metal fell from £705 to £704 before recovering to close on the Kerb at £707. The net gain on the week was £4. Turnover 12,025 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £686.5, three months £705, 04.5, 04, 04.5, 05, 05.5, 05, 04.5. Cathodes, three months £696. Kerb: Wirebars, three months £705.5, 06, 05.5, 06. Afternoon: Wirebars, three months £704, 4.5, 4, 3, 3.5. Kerb: Wirebars, three months £705.5, 6, 7.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	686.5-7	−9	687-.5	−8.5
3 months	704.5-5	−9	705-.5	−9.5
Settlem't	687	−8	—	......
Cathodes				
Cash	677.5-8	−5.5	677.5-8.5	−8
3 months	696-.5	−5.5	695.5-6	+8.25
Settlem't	678	−8.5	—	......
U.S. Smt.	—	......	64	......

TIN—Strong with forward metal given an initial impetus from £6,280 to £6,330 after an advance in the Eastern price overnight. Fresh buying, short-covering and protective merchant borrowing helped to widen the backwardation. The price moved to £6,390 and closed on the Kerb at £6,380. The net gain on the week was £310.5. Turnover 1,360 tonnes.

Morning: Standard, cash £6,400, £6,390, 90, three months £6,320, 10, 15, 20, 15. Kerb: Standard, three months £6,315. Afternoon: Standard, cash £6,410, 90, three months £6,320, 25, 30, 35, 40, 50, 45, 40, 50, 60, 70, 80. Kerb: Standard, three months £6,380, 85, 90, 80, 70, 75, 80.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6390-2	+155	6485-500	+187½
3 months	6315-20	+105	6385-90	+141
Settlem't	6392	+182	—	......
Standard				
Cash	6390-2	+155	6485-500	+187½
3 months	6315-20	+105	6385-90	+141
Settlem't	6392	+152	—	......
Straits E.	$1640	+42	—	......
New York	—	......	*537.50	+15

LEAD—Little changed although the market was initially sluggish under the influence of copper. Forward metal moved down to £307 but then traded at a slightly higher level, closing on the Kerb at £309. The net fall on the week was £4.25. Turnover 4,975 tonnes.

Morning: Cash £301, £300.5, three months £307.5, 09, 08.5, 09, 09.5, 09. Kerb: Three months £309, 08.5, 08. Afternoon: Cash £302, three months £309, 9.5. Kerb: Three months £309, 9.5.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	300-.5	−1½	301.75-2	+.375
3 months	309-.5	−2	309-.5	−2
Settlem't	300.5	−1½	—	......
U.S. Spot	—	......	31-33	......

ZINC—Easier with forward metal moving lower to £305 and then, like lead, finding a steadier trading range before closing on the Kerb at £307. The net gain on the week was £9.25. Turnover 3,850 tonnes.

Morning: Three months £306, 06.5, 07, 07.5, 08, 07.75. Kerb: Three months £307.5, 06, 05.5. Afternoon: Three months £306.5, 7. Kerb: Three months £307, 6.5.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£		£	
Cash	299-.5	......	298.5-9	−.75
3 months	307.5-.75	−1⅛	306.5-7	−3
S'ment	299.5	......	—	......
Prim. West	—	......	29	......

* Cents per pound. † On previous official close. ‡ $M per picul.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for May-June shipment: BWC £290, BWD £262, Tossa BTB £302, BTC £282, BTD £264. Calcutta goods steady. Quotations c. and f. U.K. for all shipment periods up to July. 10-oz 40-inch £10.23, 7½-oz May 146; PNS unceence SAO HRD C/MFW £7.75 per 100 yards. "B" twills. May £27.73, June £27.82, July £27.92, July £28.04. Yarns and cloths very firm.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 145 tonnes, bringing the total for the week to 1,515 against 2,228 tonnes, reports F. W. Tattersall. Slack dealings centred on Middle Eastern supplies. Scattered support came in African and Latin American growths.

SILVER

Silver was fixed 0.25p an ounce higher for spot delivery in the London bullion market yesterday at 277.7p. U.S. cent equivalents of the fixing levels were: Spot 509.7c, up 0.6c; three-month 518.2c, up 0.7c; six-month 524.6c, up 1.0c; and 12-month 540.3c, up 0.2c. The metal opened at 277.5-278.5p (508-510c) and closed at 278.1-279.1p (508½-510c).

SILVER per troy oz.	Bullion fixing pricing	+ or −	L.M.E. close	+ or −
Spot	277.7p	−0.25	278.7p	−0.15
3 months	283.7p	+0.05	284.7p	−0.2
6 months	290.2p	+0.15	—	......
12 months	306.1p	......	—	......

LME—Turnover 123 (182) lots of 10,000 ounces. Morning: Three months 284.5, 4, 3.8, 4, 3.7, 3.8. Kerbs: Three months 283.7. Afternoon: Three months 284.5, 4.5, 4.4, 4.3, 4.5, 4.5, 4.5, 4.6. Kerbs: Three months 284.3.

COCOA

The market eased in light trading conditions to close at the lows of the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
No.3 Contract			
May	2035.0-40.0	−38.0	2075.0-40.0
July	1966.0-67.0	−33.0	2037.0-1965
Sept.	1885.0-86.0	−31.5	1927.0-1885
Dec.	1805.0-09.5	−33.5	1850.0-02.0
March	1765.0-68.5	−29.5	1800.0-1740
May	1735.0-38.0	−24.0	1740.0
July	1695.0-98.0	−34.0	1730.0-20.0

Sales: 1,916 (2,251) lots of 5 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price May 4: 138.23 (130.13). Indicator prices May 5: 15-day average 131.75 (132.30); 22-day average 154.56 (155.00).

COFFEE

After early trade selling, Robustas held firm in quiet conditions to-day, DBL reports. The spot May position was especially strong, reflecting anxieties over the large open interest. Small-scale profit-taking at the close took values off the highs about £15 to £20 lower on balance.

COFFEE	Yesterday's Close £ per tonne	+ or −	Business Done
May	1572-1574	+25.5	1586-1538
July	1386-1392	−12.5	1405-1381
September	1295-1300	−15.5	1310-1283
November	1240-1245	−15.0	1254-1240
January	1215-1225	−17.5	1205
March	1195-1220	......	—
May	1190-1215	+10.0	1190-1185

Sales: 1,375 (1,481) lots of 5 tonnes.

ICO Indicator prices for May 4 (U.S. cents per pound): Colombian Mild Arabicas 193.00 (same); unwashed Arabicas 160.00 (same); other mild Arabicas 169.50 (170.79); Robustas 139.00 (same). Daily average 154.40 (154.90).

ARABICAS—The market was dull and featureless, DBL reports.

Prices (in order buyer, seller, change, business)—Jan. 179.00-80.50; −3.13; 171.00-80.30. Aug. 165.50-67.00; −1.25; nil-rest unquoted. Oct. 151.25-53.50; −0.75; nil. Dec. 141.75-42.00; −0.50; nil. Feb. 124.00-34.50; −1.35; nil. April 129.00-32.00; nil; nil. June 129.00-32.00; +1.00; nil. Sales: 2 (6) lots.

GRAINS

LONDON FUTURES (GAFTA)—The old crop opened 75 up on wheat and remained steady in thin trading to close 5p ahead on the day. Old crop barley opened 25p up and remained steady. New crop opened 10p to 15p up and closed steady with good commercial support to finish 35p up on wheat to 65p up on barley in a thin market, ACLI reports.

WHEAT M'nth	Yesterday's close	+ or −	BARLEY Yesterday's close	+ or −
May	99.00	+0.80	82.80	−0.90
Sept.	86.20	−0.45	81.00	+0.80
Nov.	88.60	−0.35	83.30	−0.70
Jan.	91.10	+0.55	85.80	[illegible]
Mar.	93.60	+0.40	88.35	+0.80

Business done: Wheat—May 98.30-99.05, Sept. 86.00-86.20, Nov. 88.40-88.75, Jan. 91.00-91.05, March 93.45-93.65. Sales: 58 lots. Barley—May 82.15-82.40, Sept. 80.30-81.00, Nov. 83.00 only, Jan. nil, March 87.90 only. Sales 84 lots.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent., May 93.75 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent., May 84.50, June and July 83.75 transhipment East Coast. U.S. Hard Winter ordinary unquoted. Australian wheat unquoted. EEC wheat unquoted.

Maize: U.S./French first-half May 106.75, second-half May 104.00, June 105.50. S. African Yellow May-June 81.00 seller.

Barley: Unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: Unquoted. Feed wheat: Kent 93.00, Lancashire 95.00. Feed barley: Kent 80.00, Lancashire 81.30.

The U.K. monetary coefficient for the week beginning May 8 will remain unchanged.

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing slightly steadier. Lewis and Peat report that the Malaysian godown price was 212 (211) cents a kilo (buyer, May).

No.1 R.S.S.	Yest'rday's close	Previous close	Business done
June	54.85-55.40	54.80-55.25	—
July	55.25-55.70	55.60-56.00	—
Jly-Sept	55.65-56.70	55.95-56.10	55.65-55.10
Oct-Dec	58.30-58.35	56.50-56.55	56.60-56.85
Jan-Mar	57.50-57.55	57.55-57.45	57.45-56.70
Apr-Jne	58.20-58.35	58.15-58.20	58.35-51.95
Jly-Sep.	59.25-59.40	59.10-59.15	59.00
Oct-Dec	60.50-60.35	60.10-60.15	60.45-60.00
Jan-Mar	61.20-61.25	61.05-61.10	61.30-61.15

Sales: 306 (602) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 53p (same), June 52.0p (51.0), July 53.25p (53.5).

SOYABEAN MEAL

	Yesterday Close	+ or −	Business Done
	£ per tonne		
June	128.50-29.8	+0.75	130.00-29.00
August	128.80-29.0	+0.95	128.80-28.00
October	125.60-25.8	+0.70	126.00-25.20
December	122.00-22.2	+0.15	122.00-21.10
February	123.50-24.0	−1.75	123.00
April	123.70-25.0	+1.10	—
June	124.00-26.5	−0.75	—

Sales: 112 (128) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £100.50 (£100.00) a tonne cif for May-June shipment. White sugar daily price was fixed at £106.00 (same).

Prices were confined to a narrow range of around 50 points in quiet trading conditions, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	105.90-05.95	106.50-05.55	105.90-04.50
Oct.	108.85-08.95	109.50-09.40	109.65-08.50
Dec.	112.50-12.75	113.15-13.25	113.50-12.25
March	119.75-19.80	120.40-20.75	120.65-19.50
May	123.25-23.75	123.75-23.90	124.00-23.75
Aug.	126.75-27.00	127.40-27.75	127.25-27.00
Oct.	130.25-30.75	131.00-31.50	31.00

Sales: 1,745 (2,462) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.00 (same) a tonne for home trade and £160.50 (£160.00) for export.

International Sugar Agreement indicator prices, U.S. cents per pound fob and stowed Caribbean port for May 4—Daily 7.36 (7.45); 15-day average 7.54 (7.56).

WOOL FUTURES

LONDON—Dull and featureless, Bache reports.

(Pence per kilo)

Australian Greasy Wool	Yesterd'ys Close	+ or −	Business Done
May	222.0-28.0	......	—
July	230.0-35.0	......	—
October	235.0-39.0	......	—
December	238.0-41.0	......	—
March	245.0-48.0	......	—
May	245.0-48.0	......	—
July	246.0-48.0	......	—
October	247.0-50.0	+0.5	—

Sales: 0 (2) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron contract: May 335.0-336.3, 340.5-335.5, 15; July 341.0-341.5, 343.2-341.0, 67; Oct. 344.0-345.0, 346.0-344.0, 30; Dec. 350.0-350.3, 352.5-349.5, 136; March 359.0-359.1, 360.0-356.0, 55; May 362.0-363.0, 365.0-361.6, 22; July 364.5-366.0, 367.15-367.0, 7; Oct. 366.5-366.0, 368.5-368.0, 23. Total sales, 375.

VEGETABLE OILS

LONDON PALM OIL—Close: May, June, July, August 300.00-30.00, Sept. 290.00-310.00, Oct. 290.00-320.00, Nov. 290.00-315.00, Dec. 290.00-310.00, Jan. unquoted. Sales: Nil.

MEAT/VEGETABLES

SMITHFIELD—No carcase meat prices quoted.

MEAT COMMISSION—Average fatstock prices at representative markets on May 5. GB cattle 60.45p per kg l.w. (−1.05); U.K. sheep 135.7p per kg est. d.c.w. (+0.5); GB pigs 64.8p per kg l.w. (+1.1). England and Wales—Cattle numbers up 29.9 per cent., average price 60.29p (−2.40); Sheep numbers up 17.9 per cent., average price 138.5p (+0.2); Pig numbers up 21.2 per cent., average price 64.8p (+1.1). Scotland—Cattle numbers up 4.7 per cent., average price 67.13p (−0.27); Sheep numbers up 21.2 per cent., average price 140.9p (+7.1).

COVENT GARDEN (prices in sterling a package, except where otherwise stated)—Imported produce: Oranges—Cypriot: Valencia Lates 20 kilos 3.30-3.90, 15 kilos 3.00-3.60; Jaffa: Valencia Lates 3.85-4.70; Egyptian: Lates 2.40; Moroccan: 3.30-3.60; Texas: 3.20. Ortaniques—Jamaican: 7.30-8.30. Lemons—Italian: 100/120s 3.80-4.50; Spania: small trays 25/30s 1.20-1.50. Grapefruit—Cypriot: 15 kilos 2.20-2.80, 20 kilos 3.00-3.60; Jaffa: 20 kilos 3.00-4.00; U.S.: Ruby Red 15 kilos 4.60. Apples—French: Golden Delicious 20 lb 84s 2.50-2.70, 72s 2.70-2.90; 40 lb 4.80-5.00, Golden Delicious jumble pack, per pound 0.10-0.12; Italian: Rome Beauty, per pound 0.12, Golden Delicious 0.10-0.12; S. African: Dunn's 5.50-7.00, Granny Smiths 7.00-7.20, White Winter Pearmain 6.60-6.90, Starking Delicious 7.50-8.00; Chilean: Granny Smiths 6.80-7.00; New Zealand: Cox's Orange Pippins 163/234 7.00-8.20, Golden Delicious 175s 8.00; Danish: per pound Cox's 0.15-0.16, Spartans 0.10-0.11. Pears—S. African: cartons, Packham's Triumph 7.60, Beurre Bosc 5.60; cases, Beurre Bosc 6.20; Dutch: per pound Conference 0.14; Belgian: Conference 0.10-0.12. Grapes—S. African: New Cross 6.30, Barlinka 5.00, Waltham Cross 6.20; Chilean: 5 kilos, Almeria 6.30, Red Emperor 4.80. Bananas—Jamaican: per pound 0.14-0.15. Melons—Chilean: White 4.00. Avocados—Kenya: Fuerte 14/24s 3.80; S. African: Fuerte 3.30-3.60. Strawberries—Californian: 0.60; Italian: 0.33. Onions—Dutch: large 2.00, medium 1.30; Chilean: cases 4.00-4.20; Canary: 4.20-4.50. Capsicums—Kenya: per pound 0.40; Canary: 0.36. Celery—American: 24s 6.00. Potatoes—Canary: 4.50; Egyptian: 4.30-4.60; Cypriot: 4.70. Cucumbers—Dutch: 14/16s 2.00. Tomatoes—Canary: 4.00-4.50; Jersey: 5.40; Dutch: 5.20-5.50; Guernsey: 5.20-5.50. Carrots—Cypriot: 1.20. Asparagus—Californian: per pound 0.90-1.00; Hungarian: per bundle 0.70.

English produce: Potatoes—per 56 lb. Whites Reds 2.30-2.70. Lettuces—per 12's 1.50-2.00. Beetroots—per 28 lb 1.40. Turnips—per 28 lb 1.00. Carrots—per bag 1.00-1.40. Parsnips—per 28 lb 1.20-1.30. Onions—per 56 lb 1.50-2.50. Swedes—per 28 lb 0.50-0.60. Rhubarb—per pound, outdoor 0.07. Cucumbers—per tray 12/24s 2.00-2.40. Mushrooms—per pound 0.40. Apples—per pound Bramley's 0.11-0.17, Laxton's 0.10-0.13. Pears—per pound Conference 0.13-0.15. Tomatoes—per pound English 0.40-0.45. Greens—per crate Kent 0.50. Cauliflowers—per 12s Lincoln 1.40, Kent 1.80-2.30.

FINANCIAL TIMES

May 5	May 4	Month ago	Year ago
242.88	241.66	237.36	268.10

(Base: July 1, 1952=100)

REUTER'S

May 5	May 4	Month ago	Year ago
1456.6	1456.1	1431.0	1696.9

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 5	May 4	Month ago	Year ago
Spot	364.42	363.52	358.73	421.08
Futures	350.46	349.35	349.32	392.00

(Average 1924-25-26=100)

MOODY'S

Moody's	May 5	May 4	Month ago	Year ago
Sple Commty	905.6	904.2	900.2	932.7

(December 31, 1931=100)

U.S. Markets

Cotton and grain up as copper slips

NEW YORK, May 5.

PRECIOUS METALS closed near the unchanged in very quiet, dull conditions. Cocoa eased on Commission-house and trade selling. Coffee eased slightly, mostly on local activity. The grain complex closed stronger, mainly on rain in growing areas attracting speculative buying and good underlying support in the products. Soyabeans were firmer all round, Bache reports.

Cocoa—May 150.25 (147.25), July 151.50 (134.00), Sept. 149.25, Dec. 142.75, March 138.25, May 135.00, July 142.50 settlements. Sales: 522.

Coffee—"C" Contract: May 177.50 (175.90), July 153.00-153.75 (154.71), Sept. 137.75, Dec. 125.40, March 118.50-119.50, May 115.00-116.75, July 114.25-115.50, Sept. 112.00-114.00. Sales: 411 lots.

Copper—May 58.10 (58.20), June 58.60 (58.70), July 59.10, Sept. 60.20, Dec. 61.70, Jan. 62.20, March 63.20, May 64.20, July 65.20, Sept. 66.20, Dec. 67.70, Jan. 68.20, March 69.20 settlements. Sales: [illegible] lots.

Cotton—No. 2: May 57.80-57.90 (57.80), July 58.55-58.60 (58.70), Oct. 60.85, Dec. 61.80-61.90, March 63.00-63.10, May 63.65-64.00, July 63.90-64.25, Oct. 61.00-64.00. Sales: 305,000 bales.

***Gold**—May 173.30 (173.40), June 174.00 (174.10), July 175.00, Aug. 176.20, Oct. 178.50, Dec. 180.80, Feb. 183.20, April 185.90, June 188.00, Aug. 191.30, Oct. 194.10, Dec. 196.90, Feb. 199.70 settlements. Sales: 4,145 lots.

†Lard—Chicago loose 22.50 (same). NY prime steam 24.00 traded (24.00).

Platinum—July 218.60-219.40 (220.60), Oct. 221.30-222.00 (222.40), Jan. 224.50-224.70, April 227.50-227.70, July 230.10-230.30, Oct. 232.80-233.50, Jan. 235.60-237.10. Sales: 649 lots.

¶Maize—May 251½-251 (251½), July 251½-252 (249), Sept. 250½-250½, Dec. 252-251½, March 258½, May 261.

‖Silver—May 506.50 (507.00), June 508.50 (509.10), July 511.80, Sept. 518.20, Dec. 530.70, Jan. 534.70, March 542.90, May 551.20, July 559.80, Sept. 567.50, Dec. 581.70, Jan. 586.10, March 595.20 settlements. Sales: 7,000 lots. Handy and Harman spot bullion 507.00 (508.70).

Soyabeans—May 725-727 (717), July 705-706 (698½), Aug. 690-689, Sept. 649, Nov. 617-618, Jan. 625, March 628, May 629-634.

Soyabean Meal—May 175.40-175.70 (174.30), July 177.50-178.00 (176.50), Aug. 176.50, Sept. 172.50-171.50, Oct. 166.00, Dec. 164.50, Jan. 165.50-166.00, March 168.00-168.20, May 169.00-170.00.

Soyabean Oil—May 27.55-27.60 (27.45), July 26.70-26.60 (26.36), Aug. 25.85-25.75, Sept. 24.50-24.40, Oct. 23.70-23.55, Dec. 23.05-23.00, Jan. 22.70, March 22.60, May 22.50-22.30.

Sugar—No. 11: July 7.54-7.56 (7.53), Sept. 7.81-7.82 (7.71-7.80), Oct. 7.93-7.94, Jan. 8.40-8.41, March 8.76, May 8.90-8.95, July 9.08-9.10, Sept. 9.25, Oct. 9.40-9.45. Sales: 2,575.

Tin—530.00-545.00 asked (524.50 asked).

****Wheat**—May 300 (297), July 302-303 (298½), Sept. 307-307½, Dec. 314, March 317½, May 318.

WINNIPEG, May 5. **Rye**—May 105.70 bid (101.50 bid), July 101.10 (99.90 bid), Oct. 102.10, Nov. 102.30 bid, Dec. 103.50 bid.

Oats—May 87.00 (85.80), July 81.00 (79.80 asked), Oct. 78.10 bid, Dec. 78.10 bid, March 73.50 bid.

Barley—May 79.20 (75.50 bid), July 80.00 bid (79.00 asked), Oct. 79.00 asked, Dec. 79.20 asked, March 73.50 bid.

§Flaxseed—May 252.20 bid (249.20 bid), July 257.20 bid (254.00), Oct. 250.00 asked, Nov. 279.60 bid, Dec. 269.50 bid.

****Wheat**—SCWRS 13.5 per cent protein content cif St. Lawrence 161.54 (160.94).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lb—Dept of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. ‖ $s per troy ounce for 50 oz units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ¶ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

This week's SE dealings

Friday, May 5	5,741	Wednesday, May 3	5,320	Monday, May 1: BANK HOLIDAY	
Thursday, May 4	5,180	Tuesday, May 2	5,090	Friday, April 28	5,406

The list below records all yesterday's markings and also the latest markings during the week of any share not dealt in yesterday. The latter can be distinguished by the date (in parentheses).

The number of dealings marked in each section follows the name of the section. Unless otherwise denoted shares are £1 fully paid and stock £100 fully paid. Stock Exchange securities are quoted in pounds and fractions of pounds or in pence and fractions of pence.

The list below gives the prices at which bargains done by members of The Stock Exchange have been recorded in The Stock Exchange Daily Official List. Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 p.m. only, but later transactions can be included in the following day's Official List. No indication is available as to whether a bargain represents a sale or purchase by members of the public. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

Bargains at special Prices. Δ Bargains done with or between non-members. ‡ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no business." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $M—$Malaysian; $Mx—$Mexican; $NZ—New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (983)

SHORT DATED BONDS FREE OF STAMP DUTY

PUBLIC BOARDS (35) FREE OF STAMP DUTY

COMMONWEALTH GOVTS. (10) REGISTERED AND INSCRIBED STOCKS

FOREIGN STOCKS (—) COUPONS PAYABLE IN LONDON

STERLING FOREIGN CURRENCY BONDS

U.K. RAILWAYS (1)

FOREIGN RAILWAYS

BANKS (217)

BREWERIES (187)

CANALS AND DOCKS (8)

COMMERCIAL (2,336)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

INTNL. BANK (1) FREE OF STAMP DUTY

CORPORATIONS (37) FREE OF STAMP DUTY

[illegible]

Law and order plan by Scots Nationalists

MONEY from fines should be paid into a State fund to compensate victims of crimes of violence, the Scottish National Party said yesterday.

The proposal forms part of the party's draft law and order policy for an independent Scotland. All victims of crimes of violence would have the right to apply for compensation, the amount to be determined by a tribunal of lay assessors with a lawyer.

Tribunals would be given guidance by the Government. There would be a right of appeal on a point of law to the civil courts.

Victims' suffering, inconvenience, financial loss and out-of-pocket expenses would be taken into account. So would the character of victims.

Other measures which the party says an independent Scotland could pursue are: linking police pay to the average industrial wage, the setting up of statutory attendance centres for football hooligans, and the development of alternatives to prison for petty offenders, alcoholic vagrants and fine defaulters.

Boddingtons raises price of draught

BODDINGTONS, the Manchester independent brewery, is to raise draught beer prices by 2p a pint from Monday. The company says it will seek to hold the new prices for as long as possible, and barring unforeseen circumstances for at least six months.

Boddingtons last raised draught prices in November, 1977. It blames the present increases on pressures on margins at both wholesale and retail level.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barking (01-592 4500)	10¾	½-year	5,000	[illegible]
Barnsley Metro (0226 203232)	10	½-year	250	4-7
Elmbridge (00322 98/28844)	10½	½-year	1,000	4-7
Knowsley (051 5486555)	11	½-year	1,000	5-7
Oxford (0865 49811)	10½	½-year	5,000	5-7
Redbridge (01-478 3020)	10½	½-year	200	5-7
Southend (0702 49451)	10	½-year	250	5
Thurrock (0375 5122)	10½	½-year	300	[illegible]
Thurrock (0375 5122)	10½	½-year	300	5-8
Wrekin (0952 505051)	10½	yearly	1,000	5

BUILDING SOCIETY RATES

	Deposit Rate	Share Accnts.	Sub'pn Shares	*Term Shares
Abbey National	5.20%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Alliance	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Anglia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Birmingham	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 1 yr.
Bradford and Bingley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Bristol and West	5.25%	5.50%	6.75%	—
Bristol Economic	5.25%	5.50%	6.75%	5.75% 3 months' notice
Britannia	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £500
Burnley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Cardiff	5.75%	6.30%	7.30%	—
Catholic	5.00%	●5.60%	6.75%	— ● 5.80% over £5,000
Chelsea	5.25%	5.50%	6.75%	6.25% 6 months' notice, minimum £500
Cheltenham and Gloucester	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yr. (£500-£15,000)
Citizens Regency	5.35%	5.80%	7.30%	7.05% 3 yrs., over £5,000
City of London	5.30%	5.80%	6.75%	6.72% 3 yrs., min. £500
Coventry Economic	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 1yr. min. 3 mths. notice
Coventry Provident	5.25%	5.50%	7.30%	6.75% 3 yrs.
Derbyshire	5.25%	5.50%	6.75%	— Up to 6% 3 months' notice
Gateway	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 2 yrs., min. £500-£15,000
Guardian	5.25%	5.75%	6.00%	6.45% 3 mths.' notice, minimum £1,000
Halifax	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Hastings and Thanet	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 1½ yrs., £250-£15,000
Heart of England	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 3 months' notice
Hearts of Oak & Enfield	5.25%	5.75%	7.25%	6.75% 3 yrs., 6.50% 2 yrs., 6.25% 1 yr.
Hendon	5.30%	6.00%	—	6.50% 6 months' notice, minimum £2,000
Huddersfield & Bradford	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., £100-£15,000
Leamington Spa	5.35%	5.60%	7.36%	6.85% 2 yrs.
Leeds Permanent	5.25%	5.30%	6.75%	—
Leicester	5.25%	5.50%	6.75%	6.50% 3 yrs., 6% 2 yrs., min. £100-£15,000
Liverpool	5.25%	5.50%	6.95%	6.60% 3 yrs., 6.10% 2 yrs., min. £1,000
London Goldhawk	5.75%	6.25%	7.50%	—
Melton Mowbray	5.35%	5.60%	6.75%	6.35% 2 yrs., min. £2,000
Midshires	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs. min. £250
Mornington	5.20%	6.20%	—	—
National Counties	5.50%	5.50%	6.80%	6.25% 6 months
Nationwide	5.25%	5.50%	6.75%	6.50% 3-4 yrs. min. £500, 6.00% 2 yrs.
Newcastle Permanent	5.00%	5.50%	6.80%	6.60% 3 yrs., 6.50% 3 yrs.
New Cross	6.50%	6.75%	—	—
Northern Rock	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., min. £100
Norwich	5.25%	5.30%	7.00%	6.25% 2 yrs., minimum £500
Paisley	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs. min. £500
Peckham Mutual	5.30%	6.00%	—	—
Portman	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs., 5.75% 3 mths.
Progressive	5.40%	5.65%	6.75%	6.65% 3 yrs., 6.4% 2yrs., 6.15% 3mths.not.
Property Owners	5.25%	6.00%	7.25%	6.40% 3 mths. not. 4.50% to limitd. cos.
Provincial	5.25%	5.50%	6.75%	6.50% 3-4 yrs., 6.00% 2 yrs.
Skipton	5.25%	5.50%	6.75%	6.50% 3 yrs., 6.00% 2 yrs.
Sussex Mutual	5.55%	5.80%	7.05%	6.85% 3 yrs., 6.55% 2 yrs., 6.25% 1 yr.
Town and Country	5.25%	5.50%	✦10.00%	6.50% 3 yrs., 6.00% 2 yrs. ✦ Max. £250.
Woolwich	5.25%	5.50%	6.75%	6.00% 2 yrs., 6.50% 3 yrs.

* Rates normally variable in line with changes in ordinary share rates.

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration.

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an overseas Stock Exchange.

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement

ERRATA

By permission of the Stock Exchange Council

MONEY + EXCHANGES

Minimum Lending Rate 8¾%

Bank of England Minimum Lending Rate 8¾ per cent. (since May 5, 1978)

The Treasury bill rate rose by 1.3237 per cent. to 8.2225 per cent. at yesterday's tender, and Bank of England Minimum Lending Rate was increased by 1¼ per cent. to 8¾ per cent. The minimum accepted bid was £97.95 compared with £98.25½ last week, and bids at that level were met as to about 95 per cent. The £500m. bills tendered and allotted attracted bids of £1,662.47m. and bills offered were allotted. Next week £300m. will be on offer replacing £300m. of maturities.

Day to day credit was in short supply in the London money market and the authorities gave assistance by buying a moderate amount of Treasury bills and a small number of local authority bills, together totalling a moderate amount. The market was faced with a small take up of Treasury bills and a fairly substantial rise in the note circulation. There was also Thursday's official advances to the market to be repayed. On the other hand, banks brought forward slightly above target balances and Government disbursements exceeded revenue transfers to the Exchequer.

Discount houses paid 5-6¼ per cent. for secured call loans at the start and closing balances were taken between 5¾ per cent. and 6 per cent. In the interbank market overnight loans opened at 6¾-6⅞ per cent. and eased to around 4½ per cent. by lunch. Rates closed in the region of 6 per cent.

Rates in the table below are nominal in some cases.

May 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	–	4½-7	–			7¼	[illegible]	–	–	–
2 days notice	–		7¼-8½	–				–	–	–
7 days or	–							–	–	–
7 days notice	–	7-8	7½-8¼		7¾-8¼	7¾	7⅜-8		–	
One month	8⅛-8¼	8¼-8⅜	8¼-8½	8½-8¼	8⅝-9	8¾	7¾-8	8½-8⅞	8⅞-8¼	8½
Two months	[illegible]	8⅜-8¾		8½-8¾	8⅞-9¼		7⅞-8½	8-8½	8⅝	8¾
Three months	[illegible]	[illegible]-9	8¾-9	9-8½	9¼-9⅜	9¼	8-8¼	8⅛-8⅜	8⅞	9
Six months	9-[illegible]	9⅜-9½	9-9¼	[illegible]	9½-9¾				8¼-8⅞	9¼
Nine months	[illegible]	[illegible]		9¼-[illegible]	10	–	–	–	–	–
One year	9¼-9	9¼-9½	9¼-9½	9⅜-9½	10¼	–	–	–	–	–
Two years		–	10¼-10¾			–	–	–	–	–

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11-11¼ per cent.; four years 11-12 per cent.; five years 11¾-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 8¾-8⅞ per cent.; four-month trade bills 9¼ per cent.

Approximate selling rates for one-month Treasury bills 7⅞-8 per cent.; two-month 8⅛-8¼ per cent.; and three-month 8¼-8⅜ per cent. Approximate selling rate for one-month bank bills 8 per cent.; two-month 8¼ per cent.; and three-month [illegible] per cent. One-month trade bills 9¼ per cent.; two-month 9¼ per cent.; and also three-month 9½ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent. from May 1, 1978. **Clearing Bank Deposit Rates** for small sums at seven days' notice 4 per cent. **Clearing Bank Base Rate** for lending 7½ per cent. **Treasury Bills**: Average tender rates of discount 8.2225 per cent.

EXCHANGES AND BULLION

Sterling traded quietly along with most other currencies ahead of the week-end in yesterday's foreign exchange market. Opening at $1.8290-1.8300 in terms of the U.S. dollar, the pound showed a firmer tendency initially and this was reflected in its trade weighted index which, on Bank of England figures, improved to 61.6 from *61.5 in the morning. However,* during the afternoon the U.S. dollar showed a firmer tendency and sterling suffered in consequence, pushing the rate down to $1.8265-1.8275. Here it seemed to stabilise, hinting towards the possibility of some intervention by the Bank of England. The pound finally closed at $1.8270-1.8280, a loss of 10 points on the *day, and its index finished un*changed at 61.5.

The 1¼ per cent. increase in MLR had already been largely discounted and thus prompted *little movement. Trading in for*ward sterling showed a little more activity than the spot market although rates recorded little change on balance. The 12-month discount against the dollar widened to 4.80c from 4.70c on Thursday.

The U.S. dollar ended the day at its best level, owing some of the improvement to the fact that *Thursday reaction to the U.S.* wholesale prices index may have been overdone. Against the West German mark it improved to DM2.0755 from DM2.07, while the Swiss franc eased in dollar terms to Sw.Frs.1.95 from Sw.Frs.1.9480. Using Morgan Guaranty figures in New York at noon, the dollar's trade weighted average depreciation narrowed to 5.29 per cent. *from 5.38 per cent. On Bank of* England figures the dollar's index was unchanged at 89.8. Gold traded quietly to close at $172¾-173¼, a loss of $1.

FOREIGN EXCHANGES

GOLD MARKET

EXCHANGE CROSS-RATES

CURRENCY RATES

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rates: two-day 9¼ per cent.; seven-day 9 per cent.; one-month 9½-9¾ per cent.; three-month 9¾-10½ per cent.; six-month 10⁵⁄₁₆-10⁷⁄₁₆ per cent.; one year 10½-10¾ per cent.

Long-term Eurodollar deposits: two years 8⅞-9⅛ per cent.; three years 8⅞-9⅛ per cent.; four years 8⅞-9⅛ per cent.; five years 9⅛-9⅜ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.30-7.40 per cent.; three-month 7.50-7.60 per cent.; six-month 7.90-8.00 per cent.; one year 8.05-8.15 per cent.

* Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs.

FORWARD RATES

Six-month forward dollar [illegible] pm. 12-month 4.85-4.75c pm.

OTHER MARKETS

U.K. CONVERTIBLE STOCKS 5/5/78

Statistics provided by data STREAM International

Name and description	Size (£m.)	Current price	Terms*	Con-version dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.▽	Cheap(+) Dear(−)◇ Current
Alcan Aluminium 9pc Cv. 89-94	9.05	146.00	100.0	76-80	6.3	4.2						
Associated Paper 9½pc Cv. 85-90	1.40	101.00	200.0	76-79	9.7	9.8	− 2.9	− 6 to 1	9.4	9.0	− 0.3	+ 2.6
Bank of Ireland 10pc Cv. 91-96	3.32	166.00	47.6	77-79	6.1	3.6	− 5.8	−12 to −2	15.3	9.3	− 3.4	+ 2.4
British Land 12pc Cv. 2002	7.71	123.00	333.3	80-97	9.6	9.4	25.0	10 to 30	0.0	91.1	91.1	−66.1
English Property 6½pc Cv. 98-03	8.84	66.00	234.0	76-79	9.9	10.3	− 7.5	− 8 to 11	8.1	3.1	− 7.1	+ 0.4
English Property 12pc Cv. 00-05	15.31	82.00	150.0	76-84	14.7	14.7	79.2	46 to 102	39.0	47.8	39.0	−40.3
Hanson Trust 6½pc Cv. 88-93	4.51	87.00	57.1	76-80	7.5	8.1	[illegible]	2 to 10	11.2	8.8	− 2.8	− 5.7
Hewden-Stuart 7pc Cv. 1995	0.07	250.00	470.4	75-79	2.8		− 9.9	−17 to −7	15.1	8.6	− 3.1	+ 6.9
Pentos 15pc Cv. 1985	1.06	135.00	166.7	76-82	11.6	9.4	− 1.2	− 3 to 8	41.9	48.8	5.0	+ 6.3
Slough Estates 10pc Cv. 87-90	5.50	147.00	125.0	78-87	7.0	4.2	12.0	5 to 14	35.9	57.0	16.1	+ 4.1
Tozer, Kemsley 8pc Cv. 1981	7.33	89.00	153.9	74-79	9.0	12.0	15.7	11 to 41	7.1	7.4	0.3	−15.3
Wilkinson Match 10pc Cv. 83-98	11.10	96.00	40.0	76-83	10.5	10.9	40.4	24 to 40	27.1	41.4	20.3	−19.5

* Number of Ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent. of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of Ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on Ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent. per annum and is present valued at 12 per cent. per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent. per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent. of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent. of the value of the underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

STOCK EXCHANGE REPORT

Interest broadens as equities stage fresh upturn

Index up 15.8 on week at 481.5—Gilts also fare better

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equities surged forward for the fourth successive day as increased institutional funds seeking a haven found the market still governed by a shortage of stock. The rise was immediate and by mid-day another sharp advance in values illustrated that the pending rise in Minimum Lending Rate had already been discounted. British Funds also enjoyed a much better session than recently and showed gains stretching to nearly a point at noon.

Bill rate indications that the increase in MLR would fall slightly short of the expected 9 per cent. level made scant impact on equity sentiment, but dealers were relieved to notice more willingness eventually on the part of sellers, which enabled the former to conduct a brisk and more evenly-balanced trade.

Secondary issues were fully as prominent as the leaders, but end-week profit-taking finally pared the improvements in both sectors. Thus, the FT 30-share index, which was at its best at the noon calculation of 483.7, closed a net 6.9 higher at 481.5 for a gain over the last four days of 15.8.

The more comprehensive FT-Actuaries indices confirmed the overall firmness with gains of around 1.3 per cent. in the three major groups, the All-Share ending that amount higher at 216.28. Rises in FT-quoted Industrials maintained their ascendency over falls with a seven-to-two ratio compared with nine-to-four the previous day.

Long Gilts advance

On the assumption that the rise in Minimum Lending Rate would establish a new interest rate structure and thus remove recent uncertainty in this context, the market in Gilt-edged securities went ahead. Although the volume of business was none too impressive, the longer maturities advanced nearly a point and the shorts, after opening a shade easier on the possibility of a new tap being in the offing, soon joined in the movement, albeit on a lesser scale. Confirmation of the increase in MLR by 1¼ per cent. to 8¾ per cent. was treated warily and, following the subsequent absence of a new short tap issue, disappointment was felt over the authorities' failure to underline the new level of interest rates. Nevertheless, both the shorts and longs were looking firmer again in business after the official close. Fixed Interest stocks featured a sharp reaction in Port of London Authority issues which, on the report that the PLA was heading for effective bankruptcy, lost as much as 23 points; the 6¼ per cent. fell that much to £30 and the 3½ per cent. "A" gave up 11 points at £19. The FT Fixed Interest index, down 1.61 at 72.34, was affected by the former movement.

The investment currency market had another quiet and featureless day. The premium closed unchanged at 110 per cent. after fluctuating around that level throughout the session. Yesterday's conversion factor was 0.6765 (0.6768).

In the heaviest day's trade since dealings started, 983 contracts were done in Traded Options. Dealings were featured by activity in Courtaulds, Land Securities and Grand Metropolitan in which 314, 204 and 194 contracts were made. More than half the deals in Courtaulds were completed in the new July 130 series. A new 120 series is to be created in Grand Metropolitan for dealings on Monday.

Discounts firm

The prospect of improved profit margins when their lending rates come into line with 8¾ per cent. minimum lending rate failed to attract much support to the major clearing Banks which closed with modest gains. Lloyds improved 5 to 285p as did NatWest to 295p. Discounts mirrored the firm performance of gilt-edged securities.

Stock shortage accentuated the gains in Insurances. Ahead of their respective first-quarter profit statements due next Monday and Wednesday respectively, Commercial Union firmed 4 to 154p and Royals 12 to 397p. Phoenix, 266p, and General Accident, 228p, put on 12 and 10 respectively, and Eagle Star ended 7 higher at 150p. Among Brokers, Willis Faber finished 8 dearer at 270p.

A lively business developed in the Brewery sector with prices pushing ahead to close at the day's best. Allied firmed 3½ to 93½p and Bass 4 to 167p among the leaders, while noteworthy movements in secondary issues included Greenall Whitley, 6 to the good at 119p, and Greene King, 9 higher at 292p.

Buildings closed firmer for choice in a reasonable trade. A bear squeeze exaggerated gains in the leaders. Taylor Woodrow put on 10 to 374p and AP Cement closed 7 up at 253p. Southern Constructions eased ½ to 7½p following the pre-tax loss and passed dividend. Elsewhere, Westbrick Products closed 3 better at 75p after small buying in a thin market.

ICI traded quietly and closed 6 higher at 358p in a market short of stock and devoid of sellers. Coalite and Chemical, 77p, and William Ransom, 180p, added 4 and 5 respectively in thin markets, but Crystalate eased a penny to 30½p on profit-taking.

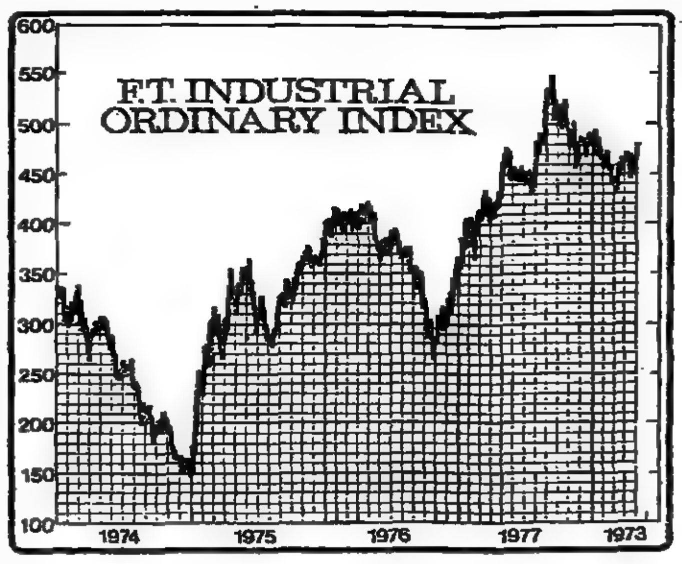
Mothercare rally

Dealers reported another good turnover in the major Stores. Fresh investment buying in a market short of stock pushed prices higher. Comment on the annual results helped Mothercare to rally smartly to 164p, for a gain of 12 on the day, while UDS edged forward 2 to 94p, also after further consideration of the preliminary figures. Marks and Spencer touched 148p before closing only a penny dearer at 147p. Elsewhere, Home Charm jumped 11 to 148p in response to the annual report and Moss Bros., at 96p, held on to an earlier rise of 4 despite late details of the contraction in annual profits. Buyers remained interested in James Walker, up 6 more at 86p, while the non-voting shares finished 7½ dearer at 85p.

Among Electricals, Ever Ready were noteworthy for a rise of 8 at 154p, while BSR found support and put on 6 to 113p. Interest was still being shown in Electronic issues. AB Electronic moved up 11 more to 102p in a market none too well supplied with stock.

Engineering leaders closed a few pence below the best. GKN touched 286p before settling at 284p for a net rise of 6. John Brown, 324p, and Hawker Siddeley, 214p, both ended 2 firmer, while Vickers finished a penny dearer at 182p, after 184p. Selective support for secondary issues produced some useful gains. Tecalemit were supported at 128p, up 7, while Greens Economisers improved 6 to 73p in a limited market. Rises of around 6 were also recorded in APV, 206p, C. and W. Walker, 120p, and Chemring, 69p. Recovery hopes prompted demand for Serck, which picked up 4½ to 90½p. Following confirmation that several discussions had taken place with Aurora Holdings, S. Osborn moved ahead smartly to 101p before closing 5 higher on balance at 97p; Aurora holds a 29.99 per cent. stake in S. Osborn. Among Shipbuilders, Vosper encountered further demand and rose 6 more to 162p.

Foods encountered scattered buying interest. Press comment on the interim results helped stimulate demand for British Sugar, which advanced 7 to 123p, while J. Bibby, a weak market on Thursday following the denial of a bid from Tiger Oats, rallied a similar amount to 229p. In Supermarkets J. Sainsbury continued to reflect satisfaction with the recent results and put on 3 more to 190p for a rise of 20 on the week. Among Hotels, demand was forthcoming for Trust Houses Forte, 210p, and Grand Metropolitan, 113p, which firmed 5 and 2 respectively, while buyers also came for City Hotels, 7 to the good at 120p.



Redfearn down again

Miscellaneous Industrial leaders took the previous day's gains a useful stage further. Continuing stock shortage played a major part in bringing about the good rises which saw Pilkington lines advance 12 to 477p and Beecham rise 9 to 664p. Still benefiting from the planned acquisition of a 75 per cent. stake in a Californian beverage can manufacturing concern, Metal Box put on 8 more to 320p, while Glaxo appreciated 7 to 565p and Unilever rose 6 at 522p. Elsewhere, Redfearn National Glass shed a further 13 to 275p, for a two-day relapse of 40 on further consideration of the Monopolies Commission's finding that successful bids for the group from either Rockware or United Glass would be against the public interest; Rockware, however, gained 6½ more to 120p on the news. Pentland Industries were marked down 1½ to 21p, after 20p, on the disclosure that its managing director and chairman, Mr. R. S. Rubin, has been charged with illegal activities concerning the collapsed London and County Securities Banking group in 1973. G. R. Holdings gave up 10 to 470p following the results, but Sharna Ware jumped 7 to 90p in belated response to Press comment. Renewed demand in a thin market left Hoskins and Horton up 6 at 165p, while improvements of around 8 were seen in Powell Duffryn, 175p, Smiths Industries, 176p, Sotheby Parke, 275p, and Beatson Clark, 200p. Still drawing strength from the bumper annual results, 100 per cent. scrip issue and sizeable property revaluation surplus, Sears hardened a penny more to 72½p, for a gain on the week of 6½. Low and Bonar improved 2 to 178p in response to an investment recommendation and Renwick found support at 48p, up 5.

The Motor sections recorded scattered improvements. Among Components, Lucas met fresh demand and touched 302p before settling at 300p for a net rise of 4, while Dowty closed 3 higher at 189p, after 190p. Elsewhere, T. Cowie firmed 2½ to 42½p following the announcement that it had sold its near 1.2m. shareholdings in Colmore Investments, which closed 3 down at 40p. Favourable Press mention left Henlys 6 dearer at 126p, but T. C. Harrison encountered profit-taking after the results and came back that amount to 120p.

United were firm in Newspapers, rising 6 to 354p, while North Sea oil favourite Thomson put on 5 to 260p. Among Paper/Printings, British Printing edged forward a penny to 35p on Press comment and Associated Paper closed 3 harder at 55p. Mills and Allen, however, relinquished 5 to 185p.

Despite the rise in short-term interest rates, Properties saw further small buying after a steady start. Land Securities, 200p, and MEPC, 118p, firmed 4 and 3 respectively, while Haslemere, 227p, and Stock Conversion, 228p, held gains of 3 and 2. Great Portland put on 8 to 274p, after 278p, while Chesterfield and Imry added 3 apiece to 282p and 200p. A more active trade developed in secondary issues among which Bernard Sunley, 182p, and Slough Estates, 110p, closed around 5 to the good. Brixton Estate firmed a penny to 92p in front of Monday's annual figures, but Dares Estates relinquished the previous day's rise of 1½ to close at 17½p after second thoughts about the preliminary trading statement. Elsewhere, Evans of Leeds rose 4 to 84p in a narrow trade.

Oil leaders buoyant

Leading Oils made good progress in an active trade. British Petroleum closed 20 to the good at the day's best of 824p while Shell gained 14 to 574p. Investment demand also left Tricentrol, 178p, and Ultramar, 207p, 8 higher, while Oil Exploration ended with a similar improvement at 218p, the last-named in a quiet trade. In contrast, Lasmo fell 16 to 168p and the "Ops" 10 to 360p on the announcement of a North Sea dry well.

After-hours trading provided the day's feature in the Shipping sector when news of the profits setback and omission of the final dividend prompted an immediate mark-down in Hunting Gibson which closed 53 lower at 140p, after 135p. Elsewhere, profit-taking after the recent speculative surge on bid hopes left Furness Withy down 5 on the day at 275p, but still with a gain of 26 on the week.

Investment Trusts closed firmer throughout. Viking Resources stood out with a rise of 6 to 90p while, in Financials, S. Pearson added 7 more to 200p with sentiment still buoyed by comment on the annual report. Chaddesley Investments had hardened a penny to 18p before the company called for a suspension of dealings in the shares because of a bid approach.

Selective support was evident in the Textile sector. Leeds Dyers put on 4 to 56p and similar improvements were seen in Tricoville, 70p, and Nova Jersey, 38p. Tobaccos continued firmly. Bats Industries improved 7 more to 335p and the Deferred 9 further to 285p; the company announced proposals yesterday to acquire the Appleton papers division of the NCR Corporation for $280m.

Among Plantations, Castlefield fell 30 to 260p on fading bid hopes.

Golds drift

A $1 decline in the bullion price to $172.875 per ounce saw South African Golds lose ground in quiet trading. The metal price, however, was still $2.50 higher over the week reflecting the successful outcome to last Wednesday's International Monetary Fund gold auction, where the average price realised was $170.40.

Political fears concerning southern Africa had a marginal effect on sentiment in Gold shares but the lack of any sizeable overseas interest caused prices to drift easier and resulted in a 2-point fall in the Gold Mines index. The latter showed a 5.8 drop over the week.

Among heavyweights, Randfontein receded ½ more to £32½—a week's loss of £2—while falls of ½ were common to Vaal Reefs, £11¼, West Driefontein, £18¾, and Western Holdings, £16¾.

In lower-priced issues Doornfontein were another 9 cheaper at 238p, while the marginal Durban Deep gave up a similar amount at 218p.

Financials were featured by the strength of Selection Trust, which attracted a good deal of buying following the forecast in a recovery in Amax's earnings for the rest of this year; Selection Trust holds a 8.3 per cent. stake in Amax.

On the other hand South African Financials tended to ease in line with Golds. A notable exception were Rand London which advanced 6 to 57p in a thin market. De Beers were on offer and closed 4 cheaper at 334p, while ZCI hardened a penny more to a 1978 high of 15p following continued Continental buying.

Tin shares gained further ground reflecting the renewed strength of the metal price in London and Penang. Gopeng rose 15 to 250p while Malayan Tin gained the same amount to a 1978 high of 340p. Ayer Hitam put on 10 to a high of 325p.

FINANCIAL TIMES STOCK INDICES

	May 5	May 4	May 3	May 2	Apr. 28	Apr. 27	A year ago
Government Secs.	71.73	71.40	71.48	71.27	71.28	71.22	69.71
Fixed Interest	72.34	73.95	73.95	73.81	74.67	74.55	70.03
Industrial Ordinary	481.5	474.6	471.9	469.6	465.7	467.8	450.1
Gold Mines	141.9	143.9	142.2	144.4	147.7	145.2	115.0
Ord. Div. Yield	5.58	5.66	5.69	5.72	5.77	5.75	5.46
Earnings Y'ld% (full)(*)	16.93	17.05	17.15	17.25	17.49	17.10	15.80
P/E Ratio (net)(*)	7.90	7.84	7.80	7.76	7.69	7.86	9.31
Dealings marked	5,741	6,180	5,320	5,050	5,406	4,727	7,528
Equity turnover £m.	—	94.80	100.17	55.56	67.80	82.58	141.70
Equity bargains total	—	17,080	17,955	14,490	16,941	16,415	23,921

10 a.m. 479.2. 11 a.m. 480.7. Noon 483.7. 1 p.m. 483.7. 2 p.m. 483.3. 3 p.m. 482.5.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	71.22 (27/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	72.34 (5/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (3/1)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 5	May 4
—Daily		
Gilt-Edged	149.2	151.4
Industries	218.8	190.6
Speculative	25.6	26.4
Totals	130.7	117.9
5-day Average		
Gilt-Edged	154.0	153.2
Industrials	195.9	185.0
Speculative	32.7	36.9
Totals	121.5	116.9

Lonsdale conversion

LONSDALE UNIVERSAL has given notice to the remaining holders of its company's 8 per cent. Convertible Unsecured Loan Stock 1982 to convert their holding into shares on June 8 in view of the small outstanding amount of unconverted stock (13.1 per cent.) at April 17, this year's conversion date.

Conversion is at the rate of 165.6 Ordinary shares for each £100 stock. Ordinary shares issued will carry full dividend rights for the financial year September 1, 1978.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (212)

CORPORATION LOANS (1)
AMERICANS (3)
BANKS (3)
BEERS (9)
BUILDINGS (8)
CHEMICALS (5)
DRAPERY AND STORES (12)
ELECTRICALS (7)
ENGINEERING (24)
FOODS (1)
HOTELS (6)
INDUSTRIALS (54)
INSURANCE (7)
MOTORS (5)
NEWSPAPERS (6)
PAPER AND PRINTING (5)
PROPERTY (2)
SHOES (3)
TEXTILES (13)
TOBACCOS (3)
TRUSTS (19)
OILS (5)
OVERSEAS TRADERS (4)
RUBBERS (1)
TEAS (1)
MINES (6)

NEW LOWS (8)

BRITISH FUNDS (1)
Treasury 10½pc 1978
FOREIGN BONDS (1)
Japan 6pc 1983-88
BUILDINGS (1)
Bonlox
CHEMICALS (1)
Burrell
PAPERS (1)
Collett Dickenson
SHIPPING (1)
Hunting Gibson

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	82	1	12	330	50	[illegible]
Corpns. Dominion and Foreign Bonds	16	6	40	46	31	[illegible]
Industrials	569	259	[illegible]	2,270	720	[illegible]
Financial and Prop.	217	33	270	[illegible]	209	[illegible]
Oils	9	9	16	39	28	[illegible]
Plantations	3	5	25	14	22	[illegible]
Mines	31	40	51	127	166	[illegible]
Recent Issues	6	—	14	25	7	45
Totals	913	353	1,252	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	13	574	+14	576	484
BP	£1	12	824	+20	864	720
ICI	£1	12	358	+ 6	363	328
Grand Met.	50p	11	113	+ 2	113½	87
Allied Breweries	25p	9	93½	+ 3½	93½	78
Barclays Bank	£1	9	335	+ 5	335	296
Metal Box	£1	9	320	+ 8	320	258
Thorn Electrical	25p	9	360	− 4	392	330
Bibby (J.)	£1	8	229	+ 7	247	182
Commercial Union	25p	8	154	+ 4	156	138
General Accident	25p	8	228	+10	230	200
GEC	25p	8	253	+ 3	278	233
Imperial Group	25p	8	79	+ 1	81	71½
Mothercare	10p	8	164	+12	200	140
Tricentrol	25p	8	178	+ 8	184	130

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced today in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1978 high	1978 low
BP	£1	51	824	+24	864	720
Shell Transport	25p	48	574	+22	576	484
ICI	£1	45	358	+16	365	328
Turner and Newall "New"	Nil pd.	41	23pm	+ 7	23pm	11pm
Grand Met.	50p	40	113	+ 6	113½	87
BATs Defd.	25p	39	285	+22	287	237
Lucas Inds.	£1	39	300	+15	302	240
Marks & Spencer	25p	[illegible]	147	+ 1	160	136
Beecham	25p	38	664	+24	678	583
GEC	25p	38	253	+ 8	278	233
Barclays Bank	£1	36	335	+13	335	296
GUS "A"	25p	34	298	+10	312	256
Midland Bank	£1	33	375	+17	390	330
RTZ	25p	32	203	+ 3	210	164
P & O Defd.	£1	31	99	—	118	91

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17
May 23	Jun. 6	Aug. 17	Aug. 31

For rate indications see end of Share Information Service.

Stocks to attract money for the call included Akroyd and Smithers, English Property, Grand Metropolitan Warrants, Midhurst Whites, Premier Consolidated Oil, Orme Developments and Duple. Puts were arranged in Burmah Oil, Vosper, Ladbroke Warrants and Alpine Holdings, while double options were transacted in Leslie and Godwin and Alpine Holdings.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	824p
BP	800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	154p
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	169p
Cons. Gold	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	124p
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	253p
GEC	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	114p
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	351p
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	201p
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	148p
Marks & Sp.	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	575p
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			565		251		167	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	142	118	[illegible]	142	+1	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brown Boveri Kent	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Deollcraal Gold Mining	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	London & Manchester Assurance	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Turner & Newall	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Watmough	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS and SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri., May 5, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net)	Thurs May 4 Index No.	Wed May 3 Index No.	Tues May 2 Index No.	Fri. Apl 28 Index No.	Year ago (approx.) Index No.	1978 High	1978 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (170)	212.27	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (73)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (174)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (493)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	216.28	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Fri. May 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	+0.20	—	[illegible]
2	5-15 years	[illegible]	+0.55	—	[illegible]
3	Over 15 years	[illegible]	+0.68	—	[illegible]
4	Irredeemables	[illegible]	+0.60	—	[illegible]
5	All stocks	[illegible]	+0.48	—	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Fri. May 5	Thurs. May 4	Year ago (approx.)	1978 Highs	1978 Lows
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

		Fri. May 5 Index No.	Yield	Thur. May 4	Wed. May 3	Tues. May 2	Fri. Apr. 28	Thur. Apr. 27	Wed. Apr. 26	Tues. Apr. 25	Year ago (approx.)	1978 Highs	1978 Lows	Since Compilation Highs	Since Compilation Lows
15	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Pharmaceutical Products	30/12/77	[illegible]	Industrial Group	31/12/70	[illegible]
Other Groups	31/12/74	63.75	Miscellaneous Financial	31/12/70	[illegible]
Overseas Traders	31/12/74	[illegible]	Food Manufacturing	29/12/67	[illegible]
Engineering Contractors	31/12/71	[illegible]	Food Retailing	29/12/67	[illegible]
Mechanical Engineering	31/12/71	[illegible]	Insurance Brokers	29/12/67	[illegible]
Wines and Spirits	10/1/70	[illegible]	Mining Finance	29/12/67	100.00
Toys and Games	16/1/70	[illegible]	All Other	10/4/62	100.00
Office Equipment	16/1/70	[illegible]			

† Redemption yield. A new list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 13p, by post 22p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from FT Business Enterprises, 10 Bolt Court, London, EC4, at £10 per year.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

For New Court Property see under Rothschild Asset Management

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7½%
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7½%
American Express Bk.	7½%	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7½%
A P Bank Ltd.	7½%	Industrial Bk. of Scot.	7½%
Henry Ansbacher	7½%	Keyser Ullmann	7½%
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7½%
Bank of Cyprus	7½%	London Mercantile	7½%
Bank of N.S.W.	7½%	Edward Manson & Co.	9 %
Banque Belge Ltd.	7½%	Midland Bank	7½%
Banque du Rhone	8 %	■ Samuel Montagu	7½%
Barclays Bank	7½%	■ Morgan Grenfell	7½%
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7½%
Brit. Bank of Mid. East	7½%	P. S. Refson & Co.	7½%
Brown Shipley	7½%	Rossminster Accept'cs	7½%
Canada Perm't Trust	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	8½%	Schlesinger Limited	7½%
Cayzer Ltd.	8 %	E. S. Schwab	9½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
Charterhouse Japhet	7½%	Shenley Trust	9½%
Choulartons	7½%	Standard Chartered	7½%
C. E. Coates	8½%	Trade Dev. Bank	7½%
Consolidated Credits	7½%	Trustee Savings Bank	7½%
Co-operative Bank *	7½%	Twentieth Century Bk.	8½%
Corinthian Securities	7½%	United Bank of Kuwait	7½%
Credit Lyonnais	7½%	Whiteaway Laidlaw	8 %
The Cyprus Popular Bk.	7½%	Williams & Glyn's	7½%
Duncan Lawrie ¶	7½%	Yorkshire Bank	7½%
Eagil Trust	7½%		
English Transcont.	9 %		
First London Secs.	7½%		
First Nat. Fin. Corpn.	10%		
First Nat. Secs. Ltd.	9½%		
Antony Gibbs	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
Guinness Mahon	7½%		
Hambros Bank	7½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 5%.
¶ Rate also applies to Sterling Ind. Secs.

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd | $US13.94 | +0.12 | —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ● Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 480-485

INSURANCE BASE RATES

† Property Growth 9½%
† Vanbrugh Guaranteed 8¼%
† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 47¾% (based on $US1.8265 per £)

Conversion factor 0.6765 (0.6768)

CANADIANS

[illegible]

S.E. List Premium 47¾% (based on $2.0087 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	178	......	Q50c	1.3	24.0
24	17	Rhod'n Corp. 16⅔p.	19	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	68	......	—	—	—
147	122	Tanganyika 50p	145	−1	Q11.0	1.1	7.6
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	37	......	†Q7½c	1.4	17.3
15	10	Zam.Cpr.SBD0.24	15	+1	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea	104	......	Q8c	1.4	4.8
78	63	BH South 50c	73	−1	—	—	—
217	148	Conzinc Riotinto 50c	204	......	Q10c	2.2	3.1
72	48	G.M. Kalgoorlie $1	54	+4	—	—	—
136	81	Hamptn Areas 5p	124	−2	1.45	4.1	1.8
17	10	Metals Ex. 50c	14	+1	—	—	—
187	125	M.I.M. Hldgs. 50c	174	−1	Q9c	1.7	3.2
24	10	Mount Lyell 25c	22	......	—	—	—
2¾	1½	Newmetal 10c	2¾	......	—	—	—
112	79	North B. Hill50c	106	......	Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	9	−½	—	—	—
156	117	Oakbridge $A1	150	......	†Q11c	1.9	4.6
40	30	Pacific Copper	34	......	—	—	—
£11¼	750	Pancont'l 25c	£10½	−½	—	—	—
18½	12	Paringa M&Ex.5p	17	......	—	—	—
480	310	Peko-Wallsend 50c	435	−10	Q15c	4.0	2.1
122	84	Westn. Mining 50c	115	−1	Q6c	1.4	3.2
50	35	Whim Creek 20c	40	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	......	†2.51	1.6	15.9
325	240	Ayer Hitam $M1	325	+10	‡Q80c	0.9	‡
55	45	Beralt Tin	52	......	3.75	ϕ	11.5
270	200	Berjuntai $M1	270	+5	‡Q110c	ϕ	‡
140	111	Geevor	140	......	h4.51	3.4	4.9
10	8½	Gold & Base 12½p	9½	......	—	—	—
270	220	Gopeng Cons.	250	+15	15.0	0.9	9.2
160	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	80	......	7.5	ϕ	14.2
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	69	......	‡Q15.5c	0.7	4.8
460	450	Killinghall	460	......	Q125	ϕ	27.2
340	280	Malay Dredging $M1	340	+15	†Q95c	0.8	6.0
54	40	♦Pahang	54	......	‡Q3.75c	0.5	‡
58	50	Pengkalen 10p	57	......	6.5	1.1	17.3
195	165	Petaling $M1	195	+2	‡Q12½c	10.9	1.4
61	49	Saint Piran	55	−2	g1.99	4.6	5.5
61	47	South Crofty 10p	57	......	64.13	1.5	11.0
185	140	South Kinta $M0.50	185	+5	†Q77.8c	1.4	9.0
280	230	Sthn Malayan $M1	265	+5	‡Q213c	1.1	20.6
195	134	Sungei Besi $M1	195	......	—	—	—
72	55	Supreme Corp. $M1	72	......	ZQ10c	—	3.0
100	85	Tanjong 15p	90	......	6.5	ϕ	10.9
95	74	Tongkah Hrbr. $M1	95	......	Q62%	1.6	12.9
192	148	Tronoh $M1	192	+2	ZQ88c	ϕ	9.8

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	87	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
16	9	Burma Mines 17½p.	16	......	—	—	—
300	220	Cons. Murch. 10c	245	......	Q30c	2.6	7.3
385	245	Northgate C$1	360	......	—	—	—
210	164	R.T.Z.	205xd	+1	9.5	2.8	7.0
46½	30	Sabina Inds. C$1	34	+1	—	—	—
£11	750	Tara Exptn. $1	£10½	......	—	—	—
45	43	Tehidy Minerals 10p	43xd	......	1.33	ϕ	4.7
162	120	Yukon Cons. C$1	153	......	Q7c	ϕ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited
- †† Unlisted security
- ● Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- •• Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares *previously listed only in regional markets. Prices of Irish* issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	52	......
Ash Spinning	46	+1	Sindall (Wm.)	85	......
Bertam	22	......			
Bdg'wtr. Est. 50p	272	+2			
Clover Croft	22	......	**IRISH**		
Craig & Rose £1	420	+5			
Dyson (R. A.) A	40	......	Conv. 9% '80/82.	£92¾	[illegible]
Ellis & McHdy.	65	......	Alliance Gas	75	[illegible]
Evans Fr'k 10p.	57xd	......	Arnott	320	[illegible]

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES

Saturday May 6 1978

MAN OF THE WEEK

A rapid rise to the top

BY ALAN PIKE

TRADE UNION leaders are seldom catapulted to power. The journey to the top usually involves steady, painstaking progress through the ranks and the years.

Mr. Terry Duffy defies this rule. When be succeeds Hugh Scanlon as president of the Amalgamated Union of Engineering Workers in October he will have been a national union official for barely three years.

With virtually all his experience confined to his background as a local official in the West Midlands and, before that, a shop steward he will become a leading member of the TUC general council, hold up the voting card of the second biggest union in the land at TUC and Labour Party conferences, and join the elite of union leaders who are in close and regular contact with the Government.

His rapid rise in status has inevitably led to Mr. Duffy's lack of national experience being a much discussed factor since his

Terry Duffy
A national union official for barely three years.

election was declared on Tuesday; he will certainly look to colleagues for support and prominent among these will be Mr. John Boyd, the AUEW's influential general secretary.

However, if Mr. Duffy's future performance remains something of an unknown quantity, the public has already become familiar with his past—former sergeant-major and Army boxing champion — and his present robustly anti-Communist opinions.

The new president, 56 last Wednesday, has continued to live in Wolverhampton since he was elected to the AUEW executive in 1975, but is expected now to move South. His wife Joyce is a school meals assistant in Wolverhampton and they have a teenage son and daughter.

While he occupies a very different political position to Mr. Scanlon the two men share a passion for golf.

Immediate reaction to Mr. Duffy's election success has naturally been concentrated on his likely impact in the national trade union movement, where he will argue for moderation, but many of the most demanding problems to face him will be within the AUEW itself. The union no longer has an exclusively craft base and there have recently been some difficult signs of tension among skilled men.

When delegates to the annual conference of the AUEW's four sections assemble in Worthing on Monday they will be uncertain in their minds how long the AUEW will continue to exist in its present form. A grand design in the early 1970s to create one union for the engineering industry has degenerated into years of infighting which have brought the vision no closer to achievement.

Amalgamation talks now taking place between the engineering union and the Electrical and Plumbing Trades ...n will be given an added ...s with the AUEW now ...clear right-wing control. ...will become increasingly ... for the AUEW's ...int engineering section to ... same time retain its ...ed links with TASS, the Co... ...inist-led white collar section. The AUEW has been weakened and confused throughout the decade by its amalgamation problems and the whole issue could erupt in the courts before the year is out.

It is difficult for a president to stand above such internal strife. Mr. Duffy was elected with the support of the union's powerful Right-wing political machine, just as Mr. Scanlon came to power 11 years ago backedby an equally effective Left-wing organisation. In a union built around regular elections it is difficult for any man to be neutral and Mr. Duffy will add his influence to try to break the amalgamation deadlock—which must be broken—in the interests of the Right.

In any case, Mr. Duffy's first term in the job is for only three years and this means, under the AUEW's long and elaborate electoral structure, that the political machines will be in action for the next presidential campaign when he has held office for barely half this time.

Engineers will press for £80 minimum

BY CHRISTIAN TYLER, LABOUR EDITOR

THE AMALGAMATED UNION of Engineering Workers decided yesterday to ignore Government hopes for a further year of controlled wage rises, and to press for a minimum skilled rate of £80 a week.

The Right wing of the union's engineering section defeated, as expected, an attempt to bind the union to demand £100 a week by 29 votes to 23 in the national committee meeting in Worthing.

It was accepted by both sides, after the intervention of Mr. Hugh Scanlon, outgoing president, that a hostile reference to the 12-month rule should be deleted because that would be breaking the national agreement just reached with the Engineering Employers' Federation.

Mr. Scanlon confirmed afterwards that acceptance of the 12-month rule was confined to this agreement.

But the deletion would enable the executive to put a more general construction on the decision later, if the TUC is asked by the Government to assure it that the rule will be observed.

£20 claim

Yesterday's decisions mean that the engineering industry will be faced in November with a claim for a £20 increase in minimum rates, a phased reduction in the working week to 35 hours, and five weeks' paid holiday.

The pay demand is not as immoderate as it looks on paper, since actual earnings are determined at local level, and the minimum rate has little direct impact on most workers.

Mr. Scanlon said later that the £80-a-week claim, because of the wording of one of the resolutions, would be the target in all industries, including the industrial Civil Service, for which the national committee earlier this week decided to seek £100.

Once its £100-a-week demand had been defeated yesterday, the Left moved almost unanimously behind a composite motion instructing the executive to "oppose any policy of wage restraint, no matter what Government was in office," and to pursue the claim in "unfettered bargaining conditions with the full weight of industrial action used if necessary."

A move to have the minimum rates linked to the Retail Prices Index was defeated by 37 votes to 15.

University pay rises Page 3

Poll comfort for all, but no election pointer yet

BY DAVID CHURCHILL

AS THE final results in the English local government elections were declared yesterday it became clear that all three main political parties could take comfort from the results. But there seemed few firm pointers as to when the Prime Minister would decide to call a general election.

Overall, the Conservatives produced the best performance of the elections although they did not do as well as had been expected. The Tories captured control of both the Association of Metropolitan Authorities and the London Boroughs Association, but failed to win the Inner London Education Authority.

Even so the Conservatives now dominate all four local authority associations which negotiate with central Government over such issues as the allocation of rate support grant.

Despite losing control of London Boroughs Association and the AMA, Labour revealed it had considerable depth of support outside the capital, especially in the North. It retained control of Manchester and Newcastle-upon-Tyne and emerged as the largest party in Liverpool.

The Liberals appeared to reverse the trend of recent by-election results and generally held on to their support. Party workers had been fearing a humiliating slump, but this did not emerge.

The National Front, which had fought almost as many seats as the Liberals, failed to make any impact.

In London the threatened Tory landslide, following last year's capture of the Greater London Council, failed to materialise.

The Tories captured three boroughs from Labour, won complete control in another (Havering), and forced Hammersmith into a stalemate. Of the three gains, Hillingdon had been a freak Labour win last time in 1974, and Wandsworth voters had just faced a massive rate rise.

Councillor John Green, Tory leader at Welwyn, Herts., did not lose his seat as reported in some editions yesterday.

LOCAL ELECTION RESULTS

Results from all 80 metropolitan and non-metropolitan district councils

	Gains	Losses	±
LABOUR	82	109	−27
CONSERVATIVE	147	87	+60
LIBERAL	17	25	− 8
INDEPENDENT & OTHERS	20	45	−25

London Boroughs: Conservatives 17 (+3); Labour 14 (−4); No overall control 1

Portugal devalues escudo by 6.5% to cut deficit

BY JIMMY BURNS

LISBON, May 5.

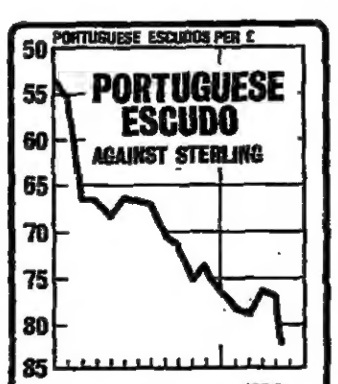
THE BANK of Portugal this afternoon announced a 6.5 per cent. devaluation of the escudo against the basket of the world's 14 main currencies, as part of a package of measures agreed with the International Monetary Fund to help cure Portugal's balance-of-payments deficit.

The monthly margin by which the escudo may be adjusted is widened from 1 to 1.25 per cent.

Bank of Portugal officials this afternoon described the devaluation as representing a "negotiated compromise" with the Fund, given the fact that it falls far short of an immediate devaluation of 20 per cent. thought to have been the Bank's target when negotiations were first resumed over a month ago.

A number of leaks forced the Bank to make the announcement this afternoon, breaking a decision taken earlier this week by the Government not to announce any of the measures to the nation until next week.

Nevertheless, Sr. Mario Soares, the Prime Minister, is still not expected to announce the full package of measures, including an increase in the bank lending rate, until Monday or Tuesday.



The ultimate aim of this devaluation is to help correct the country's balance-of-payments deficit, estimated at $1.475bn., by stimulating exports.

The corresponding increase in the price of imports on the home market is expected to have an immediate effect on Portugal's current annual rate of inflation, pushing it above the present 27 per cent.

The Government alliance of Socialists and Christian Democrats hopes, however, that monetary and fiscal measures included in its stabilisation programme and in the agreement with the IMF will reduce inflation in the longer term by helping to cut public and private consumption.

The Budget approved by the Portuguese Assembly last month included a 10 per cent. increase in income-tax, and up to 30 per cent. increases in sales taxes.

The latest devaluation of the escudo follows a 15 per cent. devaluation last February.

Arthur Sandles adds: The devaluation of the escudo is unlikely to have much effect on British tourists. Tour operating contracts are now made in sterling rather than local currency, and Portuguese inflation is likely to absorb any benefits that might have been expected.

Mason talks peace in Dublin

BY OUR DUBLIN CORRESPONDENT

MR. ROY MASON, the Northern Ireland Secretary, did his best to pour oil on the troubled waters of Anglo-Irish relations when he met Mr. Michael O'Kennedy, the Eire Foreign Minister for four-and-a-half hours of talks in Dublin yesterday.

Afterwards Mr. Mason spoke of the "wide and deep contacts" between the two Governments on cross-border co-operation. On the issue of security, he said he had no doubt about the effort in the Republic.

In the next few weeks the Chief Constable of the Royal Ulster Constabulary and his opposite number in the South would meet for talks on further co-operation.

Mr. Mason would not repeat remarks which sparked off a row between the two Governments about the South being a refuge for terrorists. But he declined to retract them, saying: "The spoken word cannot be unsaid."

He pointed out that some of the criminal activity in the Republic came from Provisional IRA men from the North.

He made the most of discussions on cross-border economic co-operation, something on which the Irish Government sets great score.

Some of the projects Mr. Mason mentioned were not new, but the two Ministers agreed on studies of development possibilities in the Newry-Dundalk area and Lough Erne.

Mr. O'Kennedy also expressed himself very satisfied and spoke of significant progress at the meeting. He claimed that Mr. Mason now had a better understanding of his party's policy on Irish unity and the desirability of a British commitment to unity.

He agreed that Mr. Mason did not share this latter view, but rejected a suggestion that he had no interest in it.

The significant progress would seem to have been most evident in healing the open rifts between the two Governments.

Otherwise, there seems little change in their respective stances on security and policy, and the only practical beneficiaries of to-day's exchanges may be the inhabitants of deprived cross-border areas.

Continued from Page 1

Skytrain to Los Angeles

against the Department of Trade up to the Appeals Court.

The prospect of a fight with British Caledonian does not appear to disturb Mr. F. A. (Freddie) Laker, chairman of Laker Airways, who yesterday forecast that he would carry 196,000 passengers between Gatwick and Los Angeles in the first year of operations, with a total revenue of more than £21.2m. ($39m.).

The load factor (percentage of seats sold) on the Los Angeles flights would be 77.9 per cent., with break-even point at 73 per cent. Of the passengers, more than 97,000 would be from Los Angeles to London, and over 99,000 from London to Los Angeles.

Already, the Skytrain between Gatwick and New York, which began last September, has made a £930,000 profit on gross turnover of £7.7m., and had carried 117,600 passengers on 442 flights at a load factor of 77.14 per cent.

For the first year, Laker expected to make a £2.5m. profit on the New York Skytrain.

The Los Angeles Skytrain, if it finally goes ahead, will operate on the same principles as the New York poeration, with tickets sold from 4 a.m. on the day of departure at either Gatwick Airport, or Laker's Victoria Station office.

Stewards to back action at Speke

By Arthur Smith, Midlands Correspondent

THE POWERFUL British Leyland shop stewards combine yesterday voted to give full support to the 3,000 workers at the Speke assembly plant if they continue to fight the company's closure plans.

Speke workers will be urged by their own shop stewards at a meeting in Liverpool this morning to maintain their efforts to save the factory, which Leyland plans to close on May 26.

Yesterday Mr. Michael Edwardes, British Leyland chairman, warned that continued opposition to the Speke closure could put further jobs at risk. He said that closure could not be negotiable and that the only possible way of developing Leyland's sports car business was to consolidate it at Canley, Coventry. It is planned to transfer TR7 production to Canley when Speke closes.

"If we don't transfer it to Canley, it will have a disastrous effect on employment in the company as a whole," he said. There was "no question of doubt" that Leyland could face further closures if it did not achieve production targets.

The British Leyland shop stewards' combine voted unanimously in Birmingham to support any campaign by Speke.

Mr. Derek Robinson, the combine chairman, said that collections would be organised "to finance the struggle." Workers would be urged to refuse work transferred from Speke.

Assembly plant

Mr. Dave Thomas, the engineering union convener at Speke, warned that the Dolomite, assembled at Canley, could also be affected. Body pressings passed through Speke assembly plant before transport to Canley.

Leyland has changed the original redundancy package to offer larger sums on closure.

According to the company, a worker with a year's service could expect between £1,100 and £1,200. But Mr. Thomas insists that the shop stewards are not arguing for improved redundancy payments.

Leyland has said that, in the event of any obstruction to the closure, it will meet only its statutory requirements under the Redundancy Payments Act plus a sum in lieu of notice.

Rejection to-day of the package would leave the Confederation of Shipbuilding and Engineering Unions in a difficult position. There is reluctance to give official support to the Speke workforce in a confrontation which could provoke another crisis at Leyland.

Labour News, Page 4

Soviet pact with Bonn shirks barter issue

By Jonathan Carr

BONN, May 5.

WEST GERMANY and Russia have completed the final details of an accord intended to foster long-term economic co-operation between them, but leaving unresolved the urgent problem of barter trade.

The 25-year accord is to be signed to-morrow. It is being hailed as setting a framework for co-operation into the next century and as a highlight of the visit here of Mr. Leonid Brezhnev, the Soviet State and Communist Party leader.

It is clear that Bonn and Moscow continue to disagree on "compensation business," under which the Russians pay for delivery of West German plant and machinery with goods and raw materials, not cash.

In talks with Count Otto Lambsdorff, the Economics Minister, Soviet Ministers urged an extension of this practice. Count Lambsdorff bluntly stressed that there was little point in going ahead with projects paid for with goods which were difficult, if not impossible, to use or sell.

The German side is making it plain that it is not against all such deals, pointing to the success of the arrangement under which German steel piping is paid for by Soviet natural gas.

But it is worried at the distortion of competition which an increase in barter would imply. Small and medium-sized German concerns, it is pointed out, do not have the resources of the biggest companies for placing goods from the Russians on third markets, and therefore may increasingly be squeezed out of Soviet trade.

A project to build a huge petrochemical plant at Tomsk, discussed to-day by the Soviet and West German sides, has brought the barter issue to a head.

In their second round of private talks, Herr Helmut Schmidt and Mr. Brezhnev covered the mutual and balanced force reduction talks and the neutron weapon.

THE LEX COLUMN

BATs back on the takeover trail

Expletives were not always being deleted in the money market yesterday when a number of discount houses realised they had been outbid for Treasury bills. Those reckoning on a 9 per cent. MLR found the bills snatched away by a few rogue houses aiming in the band corresponding to MLR at 8¾ per cent. This unusual development also upset the round figure preferences of the stock market, and both equities and gilt-edged closed below the best as dealers pondered on whether interest rates might still not have reached a steady level.

In fact the difference between 8¾ and 9 per cent. is neither here nor there. But the gilt-edged market may want to see current yields given a stamp of official approval through the issue of a new short tap before confidence is fully restored. Equities already look very healthy, with the All-Share Index just 5 per cent. short of its all-time peak. But then, May is traditionally a good month for shares.

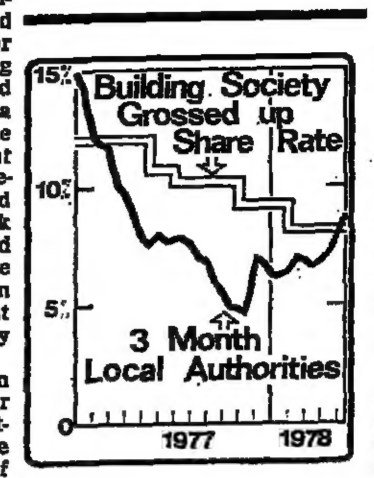
BAT Industries

The $280m. purchase by BAT Industries of NCR's Appleton Papers division represents the tobacco group's largest ever acquisition in money terms, though in real terms the $200m. Gimbels deal in 1972 was probably bigger. Not only does the Appleton acquisition fit in with the fashionable trend towards foreign purchases of U.S. assets, but for BAT it brings expansion in what has been its most successful area of diversification. While the money poured into retailing has never produced a good return, Wiggins Teape has paid off handsomely in recent years (operating profits reached £53m. in 1976-77) although even in paper BAT had some worrying moments in the 1973-75 period.

The statistics are that BAT is taking over Appleton at roughly 15 times its 1977 earnings, and the deal will add rather more than a fifth to the sales of the paper division. The money is being found out of liquid resources in the U.S. and elsewhere (BAT's balance sheet last September showed cash and near-cash of £284m.) though a longer term funding operation is not ruled out later on, depending upon whether more deals come to fruition. At current interest rates, some minor net addition to BAT's earnings is likely.

It looks a satisfactory deal as it stands. But there are stories of increasing competition in the lucrative U.S. business forms market (Appleton's 16 per cent. pre-tax margins are much wider than Wiggins Teape's own). And BAT has to live down its reputation as an indifferent judge of acquisitions: on existing non-tobacco assets of some £1.6bn., operating profits only amounted to £125m. last year.

Index rose 6.9 to 481.5



PLA issue

The news that the Port of London Authority could be heading for bankruptcy sent a shudder through the normally dozy corporation stock market. The price of the 6½ per cent. Registered Port Stock 1987-90 dropped £23 to £30 where it is yielding over 25 per cent. Nervous investors suddenly had visions of 1970 when the Mersey Docks and Harbour Board defaulted on its debt and was suspended by the Stock Exchange. Could it happen again?

The PLA has been mounting a powerful public relations exercise this week to put its case across to all those who "have its interests at heart." Employees, customers, trade unions and the dockland community are all singled out but there is no mention of the unfortunate holders of the £24m. of outstanding debt.

The senior management of the PLA is confident that it can repay the £4.4m. of 5½ per cent. stock due this summer but beyond that it is not committing itself. As the rest of the public stock does not fall due until the 1990s there is no immediate worry on repayment, but there is a possible question mark over interest payments.

The Harbour (Loans) Act of 1972 was passed in an attempt to prevent a repetition of an other financial calamity like the Mersey Docks. As a result the Secretary of State can make loans from the National Loans Fund to prevent defaults on capital debts. But there are strings attached. He may not be convinced that the "financial prospects of the authority justify a loan." The banks which have put up the £15m. medium term loan have been given a letter of undertaking from the Government. The small investor has no such guarantee.

U.K. shipping crisis

There are now clear signs that some U.K. shipping companies are running into serious financial difficulties, as the world shipping recession deepens. Yesterday, Hunting Gibson reported pre-tax losses of £3.9m. compared with a profit of £3.3m. the year before, and slashed its dividend. Last week, Turnbull Scott, a small tramp shipping company, also reported heavy losses and cut its dividend for the first time since the war. In addition, it has asked its bankers if it can defer its capital repayments until freight rates improve.

In the past U.K. shipping companies have been able to ride out the bad times by selling one or two ships to bolster their liquidity. However, second-hand ship prices have fallen so sharply over the past year that in some cases ships have had to be sold well below book value. Hunting Gibson has revalued its fleet in the light of the "serious and progressive deterioration in the re-sale value of ships since the interim statement, and this has resulted in a net loss of £4.2m. The group has now contracted to sell off roughly half its fleet and expects to be able to pay only a nominal dividend in the current year. The shares slumped 53p to 140p last night.

For the big quoted U.K. shipping companies the situation is not yet too serious, since they are generally cushioned by their profitable cargo liner operations. Even so, the shares of a blue-chip, like P & O, are now selling below par value, and some of the big private shipping companies are clearly facing serious trading difficulties. Bibby Line, for instance, has 0.7m. d.w.t. of its fleet (over half the total) laid up at the moment. If the situation continues for much longer, the Government may have to dig deeper into its pocket than it had anticipated.

Weather

U.K. TO-DAY

RAINY in E., mostly dry in W. Rather cold.

London, S.E., E., Cent. S. England, E. Anglia, E. Midlands, Channel Isles

Outbreaks of rain, becoming drier from W. Max. 12C (54F).

Wales, W. Midlands, S.W., N.W. England, Isle of Man

Mostly dry, sunny intervals. Max. 12C (54F).

Cent. N., N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland

Scattered showers. Max. 10C (50F).

Lakes, S.W., N.W. Scotland, Glasgow, Argyll, N. Ireland

Dry, sunny intervals. Max. 10C (50F).

Orkney, Shetland

Scattered showers. Max. 7C (45F).

Outlook: Mostly dry, with sunny intervals.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	S	21	70	Luxembrg	C	17	63
Athens	S	23	73	Madrid	F	15	59
Bahrain	S	33	91	Manchestr	R	8	46
Barcelona	S	17	63	Melbourne	C	21	70
Beirut	S	21	70	Milan	R	13	55
Belfast	F	9	48	Montreal	S	13	55
Belgrade	S	22	72	Moscow	R	4	39
Berlin	F	21	70	Munich	F	19	66
Birmnghm	C	10	50	Newcastle	R	9	48
Bristol	C	10	50	New York	R	6	43
Brussels	F	21	70	Oslo	C	7	45
Budapest	F	20	68	Paris	R	14	57
B. Aires	C	17	63	Perth	C	21	70
Cairo	S	30	86	Prague	S	21	70
Cardiff	C	12	54	Reykjavik	R	6	43
Chicago	C	4	39	Rio de J'o	S	29	84
Cologne	S	22	72	Rome	C	21	70
Copnhagn	S	17	63	Singapore	S	30	86
Dublin	F	11	52	Stockholm	S	12	54
Edinburgh	C	9	48	Strasbourg	C	19	66
Frankfurt	F	22	72	Sydney	S	22	72
Geneva	C	16	61	Tehran	S	26	79
Glasgow	R	8	46	Tel Aviv	S	21	70
Helsinki	F	11	52	Tokyo	C	23	73
H. Kong	C	25	77	Toronto	R	6	43
Jo'burg	S	25	77	Vienna	F	20	68
Lisbon	C	15	59	Warsaw	S	17	63
London	C	11	52	Zurich	F	22	72

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	T	17	63	Jersey	R	9	48
Algiers	F	20	68	Las Palmas	F	20	68
Blackpool	F	10	50	Locarno	R	12	54
Bordeaux	R	12	54	Luxor	S	38	100
Boulogne	R	8	46	Majorca	C	17	63
Casablnca	C	17	63	Malaga	F	17	63
Cape Tn.	S	21	70	Malta	C	18	64
Corfu	S	23	73	Nairobi	C	19	66
Dubrovnik	S	20	68	Naples	F	26	79
Faro	C	16	61	Nice	R	15	59
Florence	C	18	64	Oporto	F	14	57
Funchal	F	17	63	Rhodes	S	24	75
Gibraltar	C	16	61	Salzburg	F	22	72
Guernsey	C	9	48	Tangier	R	14	57
Innsbruck	F	20	68	Tenerife	C	14	57
Inverness	R	7	45	Tunis	F	17	63
Is. of Man	S	10	50	Valencia	C	17	63
Istanbul	S	20	68	Venice	C	19	66

S—Sunny. F—Fair. C—Cloudy. R—Rain. T—Thunder.

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